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Docket No. A-2025-3055741

Hearing Date: June 17, 2026

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 its water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, *et al.*

DIRECT TESTIMONY OF
TRACY J. BAER, P.E. ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: November 3, 2025 PAWC Statement No. 1

DIRECT TESTIMONY OF
TRACY J. BAER

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Tracy J. Baer, P.E., and my business address is 852 Wesley Drive, Mechanicsburg, PA 17055.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC" or the "Company") as Senior Manager of Business Development.

Q. WHAT ARE YOUR RESPONSIBILITIES AS SENIOR MANAGER OF BUSINESS DEVELOPMENT?

A. I support other Business Development team members with developing and maintaining necessary contacts to stay abreast of new business opportunities. I manage several of the Company's acquisition processes, including preparation of applications for submission to the Pennsylvania Public Utility Commission ("Commission"), and the workflows required to transactionally close acquisitions. These responsibilities necessitate that I maintain a working knowledge of regulatory and technical developments, recent technologies and current trends as they affect the water and wastewater utility industries, and that I be familiar with legislation, regulations and public policy affecting business opportunities.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.

A. I earned a Bachelor of Science in Environmental Engineering from the Pennsylvania State University in 1989 and a Master of Business Administration in Marketing and Management from the Pennsylvania State University in 2001. Prior to my role as Senior Manager of Business Development for PAWC, I served as Capital Program Manager for 11 years with American Water Works Company, Inc. ("American Water"). In that role, my primary responsibilities included management and reporting of American Water's approximate $2 billion annual capital investment across American Water's regulated Operating Companies, including PAWC. I was responsible for analyzing capital spend variances, risks, and progress on American Water's large capital projects, and for preparing performance metrics for critical assets, including buried infrastructure and operating facilities. Before joining PAWC and American Water, I served in various consulting positions with Accenture, Groundwater & Environmental Services and Earth Tech (now AECOM). Throughout my 34 years of engineering and consulting experience, I have been involved with or managed multiple water/wastewater treatment and remediation projects for private and government clients throughout the country. I am a Registered Professional Engineer in Pennsylvania and South Carolina.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION?

A. No. I have not previously testified before the Commission.

DESCRIPTION OF THE APPLICATION

Q. HAS PAWC FILED AN APPLICATION WITH THE COMMISSION FOR REGULATORY APPROVAL TO ACQUIRE THE WATER SYSTEM OWNED AND OPERATED BY THE INDIAN CREEK VALLEY WATER AUTHORITY ("AUTHORITY") AND RELATED APPROVALS?

A. Yes. PAWC filed its Application on October 31, 2025, for approval of PAWC's acquisition of the Authority's water treatment and distribution system (the "System"). I will refer to the acquisition in my testimony as the "Transaction."

The Application was prepared and filed under my direct supervision. As indicated in my Verification attached to the Application, the Application and its numerous appendices are true and correct to the best of my knowledge, information, and belief. We used PAWC records, as well as the Authority's records, to prepare the Application. For purposes of having a complete evidentiary record in this proceeding upon which the Commission can base its decision, I submit the Application and all of its appendices (Appendices A through K) as **PAWC Exhibit TJB-1**. Certain appendices contain proprietary information and are, therefore, labeled as **CONFIDENTIAL**.

Q. WHAT IS PAWC SEEKING IN ITS APPLICATION?

A. There are four requests. First, PAWC is requesting approval of the acquisition under Section 1102 of the Pennsylvania Public Utility Code ("Code"), 66 Pa. C.S. § 1102, similar to many requests that come before the Commission. Specifically, PAWC seeks approval to acquire the System and to obtain the right to begin service in the areas currently served by the Authority (the "Service Area"). The Application contains a *pro forma* tariff

supplement under which the Authority's rates at the time of closing on the Transaction ("Closing") would be initially adopted.

Second, pursuant to Act 12 of 2016, 66 Pa. C.S. § 1329 ("Section 1329"), PAWC is seeking to utilize the fair market value process to establish the ratemaking rate base of the System. As explained more-fully below, fair market value under Section 1329 is the lesser of the stated purchase price in the Asset Purchase Agreement ("APA"), or the average of the appraisal of the Authority's Utility Valuation Expert ("UVE") and the appraisal of PAWC's UVE.

Third, PAWC is seeking the accrual and deferral of certain post-acquisition improvement costs. Specifically, PAWC is seeking the accrual of Allowance for Funds Used During Construction ("AFUDC") for post-acquisition improvements (which will not be recovered through its Distribution System Improvement Charge ("DSIC")) for book and ratemaking purposes, as well as the deferral of depreciation related to post-acquisition improvements (which will not be recovered through the DSIC) for book and ratemaking purposes.

Fourth, PAWC is seeking Certificates of Filing or approvals under Section 507 of the Code, 66 Pa. C.S. § 507, for the APA and certain municipal agreements to be assumed by PAWC as a result of the Transaction.

Q. IS PAWC PROPOSING THAT ITS APPLICATION BE EVALUATED USING THE FAIR MARKET VALUE PROVISIONS OF SECTION 1329?

A. Yes. PAWC's Application has been prepared in accordance with the fair market value provisions of Section 1329. Specifically, PAWC is requesting that the ratemaking rate

base related to the System be based on the lesser of the average of the UVE fair market value appraisals included in the Application or the APA purchase price.[1] I note, however, that PAWC reserves its right to make alternative ratemaking proposals in future proceedings as may be permitted under the Code and regulations.

Q. WHAT DOES SECTION 1329 REQUIRE TO BE INCLUDED IN THE APPLICATION?

A. Section 1329 requires that the Application include (1) copies of the two UVE appraisals, (2) the purchase price, (3) the ratemaking rate base, (4) the transaction and closing costs, and (5) the proposed tariff. However, the Commission has expanded the filing requirements beyond those specifically required by the statute.

Q. WHAT DOES THE COMMISSION REQUIRE BE INCLUDED IN A SECTION 1329 APPLICATION?

A. In its Final Supplemental Implementation Order entered February 28, 2019, at Docket No. M-2016-2543193 ("*2019 FSIO*"), the Commission attached as Appendix A an extensive list of specific Section 1329 "Filing Requirements" for items to include with an Application for it to be processed in a six-month time frame. PAWC's Application is structured around those Filing Requirements. On July 2, 2024, the Commission issued a new Final Supplemental Implementation Order ("*2024 FSIO*") at the same docket, which modified

[1] As further discussed on pages 6-7 *infra*, PAWC would not object to recovering less than its full purchase price based on its Reasonable Review Ratio ("RRR") analysis pursuant to the Commission's Final Supplemental Implementation Order entered July 2, 2024 at Docket No. M-2016-2543193, as well as the *Report on the Reasonableness Review Ratio For the Year Ended 12.31.2023* dated August 2, 2024 at Docket No. M-2024-3050303.

Appendix A and adopted a new Reasonableness Review Ratio ("RRR"). **Appendix A** to the Application and its sub-appendices directly address each of the Filing Requirements.

Q. WHAT IS A REASONABLENESS REVIEW RATIO?

A. In the 2024 FSIO, the Commission explains that the RRR is a guidepost for analyzing and making a final determination on the overall prudency of Section 1329 applications. A new RRR will be set annually by the Commission. On March 20, 2025, the Commission issued its second Annual Report on the Reasonableness Review Ratio at Docket No. M-2024-3050303, which established an RRR of 1.63. When considering if a 1329 application is prudent, the Commission will multiply the depreciated original cost ("DOC") of a system by the RRR at the time the APA was executed (May 30, 2025) and compare it to the purchase price of the system.

Q. DID PAWC CONDUCT AN RRR ANALYSIS OF THIS TRANSACTION?

A. Yes, PAWC conducted an RRR analysis for this transaction. The RRR established by the Commission in the 2025 Annual Report on the RRR is 1.63. The average of the appraisals' DOC of the Authority water system is $22,860,688. The RRR multiplied by the DOC is $37,262,921. This amount is approximately $4,462,921 higher than the purchase price in the APA of $32,800,000.

DESCRIPTION OF TESTIMONY FILED WITH THE APPLICATION

Q. IS PAWC FILING TESTIMONY PREPARED BY THE AUTHORITY AS PART OF ITS APPLICATION?

A. Yes. PAWC's Application includes at **Appendix A-13-a** the written direct testimony of Mr. R. Kerry Witt, Authority General Manager, and at **Appendix A-13-b** the written direct testimony of the Authority's selected UVE, Mr. Harold Walker III, Manager, Financial Studies, for Gannett Fleming Valuation and Rate Consultants, LLC. PAWC is not sponsoring the testimony of Mr. Witt or Mr. Walker but has included their testimony in the Application pursuant to the *2019 FSIO* and in anticipation of the Authority's intervention and participation in the proceeding. PAWC reserves the right to submit rebuttal testimony regarding the Authority's testimony, as appropriate.

Q. PLEASE IDENTIFY THE OTHER PAWC WITNESSES WHO WILL BE PROVIDING WRITTEN DIRECT TESTIMONY AND THEIR SUBJECT MATTER AREAS.

A. In addition to my direct testimony, PAWC will submit the written direct testimony of Mr. Jed A. Fiscus, P.E., Director, Engineering Project Delivery - Western Pennsylvania for PAWC (PAWC Statement No. 2), and Dr. Christina E. Chard, Senior Director of Rates and Regulatory, American Water Works Service Company, Inc. (PAWC Statement No. 3). PAWC is also sponsoring direct testimony by its selected UVE, Mr. Jerome C. Weinert, Principal and Owner of Weinert Appraisal and Depreciation Services, LLC, d/b/a WADS Consultants (PAWC Statement No. 4).

Mr. Fiscus will describe the source of supply, water treatment and productions, water distribution and environmental challenges associated with the System, support PAWC's technical fitness to operate the System, and explain certain commitments and improvements to be made by PAWC. Mr. Fiscus will also address the anticipated day-to-

day operation of the System once it is acquired by PAWC, including staffing and the customer service enhancements that PAWC intends to implement for the benefit of the Authority's customers. Dr. Chard will address the initial rates, rules, and regulations for the Authority's customers as well as the impact of the Transaction on PAWC's existing customers. Dr. Chard will also discuss the financing of the Transaction, recording the acquisition at the net value of the assets, and PAWC's overall financial fitness. Mr. Weinert will provide supporting testimony for his fair market valuation report.

Q. ASIDE FROM AUTHENTICATING THE APPLICATION FOR ITS ADMISSION INTO THE EVIDENTIARY RECORD AND IDENTIFYING ITS REQUESTS FOR RELIEF, WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. My direct testimony describes the Transaction. I will explain why the Transaction is in the public interest and provides an affirmative public benefit of a substantial nature, and why the Transaction should be approved by the Commission. I will also discuss why PAWC is legally, financially, and technically fit to acquire and operate the System.

DESCRIPTION OF THE TRANSACTION

Q. TO THE BEST OF YOUR KNOWLEDGE, WHY DID THE AUTHORITY WANT TO SELL ITS SYSTEM?

A. As further discussed by Mr. Witt, it is my understanding that the Authority, along with both Springfield Township and Saltlick Township (the "APA Townships") supervisors, wanted to sell the System due to the long-term future needs of an aging System that is

failing to maintain compliance with environmental regulations, and the importance of serving many residents who are currently not connected to public water. Mr. Fiscus addresses the Authority's failure to maintain compliance with environmental regulations in his testimony, PAWC Statement No. 2. The need to extend water mains to unserved areas stems from the poor quality and/or inadequate supply from private water wells in the area, much of which has been affected by legacy mining activities. The Authority has received numerous petitions for water service from residents, many of which date back to the 1980's-1990's, that have gone unaddressed.

These reasons to sell require a significant amount of capital expense and operational resources. If the Authority were to address the needs and expand the System to additional customers, the necessary implementation costs would result in a significant rate increase for its customers. Therefore, the decision to sell the System to a larger water provider, PAWC, was unanimously approved by the Authority.

Q. PLEASE PROVIDE A DESCRIPTION OF THE TRANSACTION NEGOTIATION PROCESS.

A. The Transaction began as a sole source opportunity for PAWC and a confidentiality/exclusivity agreement was reached with the Authority on July 6, 2022. PAWC conducted due diligence activities, which included review of information provided by the Authority, review of the System compliance information on the DEP's online portal, a file review of documents at the DEP's Southwest Regional Office on September 7, 2022, and two site visits conducted on August 4 and 19, 2022. On November 22, 2022, PAWC submitted an initial offer to the Authority to acquire the Authority's assets. After

subsequent arms-length negotiations over a period of two years, on March 27, 2025, the Authority's Board approved the Sale of the Authority's facilities to PAWC. On May 30, 2025, the Authority and PAWC entered into the APA for the sale of substantially all of the assets, properties, and rights of the Authority at an agreed-upon price of $32,800,000.

Q. DID THE AUTHORITY CONDUCT PUBLIC HEARINGS REGARDING THE ACQUISITION IN ADVANCE OF EXECUTING THE APA AS REQUIRED BY THE 2024 FSIO?

A. Yes. Prior to executing the APA, the Authority held two public meetings on March 27, 2025, to provide an opportunity for public comment, a requirement of the PUC prior to executing the APA. The public meetings were held at venues in Springfield and Saltlick Townships within the municipal boundaries of the Seller. Members of PAWC's operations, water quality, engineering and business development teams were present at the two public meetings to address questions and comments from the public. A list of the public's questions and comments, along with PAWC's responses, are attached as **PAWC Exhibit TJB-2**.

Q. PLEASE PROVIDE AN OVERVIEW OF THE APA.

A. The APA is attached as **Appendix A-24-a** to the Application **(PAWC Exhibit TJB-3)**. The APA sets forth the terms and conditions pursuant to which the Authority will sell, and PAWC will purchase, the System, as well as substantially all assets, properties and rights that Authority owns and uses in connection with the System. The APA sets forth the entire understanding of the parties with respect to the Transaction. Under the APA, the Closing

of the Transaction will occur after the receipt of all applicable governmental approvals, including approvals from this Commission, and after all applicable conditions have been met (or waived) by the parties. Upon Closing, PAWC will take ownership of the System and begin rendering water services to the Authority's current customers and the Authority will permanently discontinue providing or furnishing water service to the public.

Q. PLEASE PROVIDE A SUMMARY OF THE APA'S PROVISIONS GOVERNING THE TRANSFER OF ASSETS.

A. The specific properties, assets and rights to be transferred to PAWC are defined and described in the APA's Section 1.2, while the excluded assets are defined in Section 1.4 of the APA. Generally, the APA states that every asset, property, business, goodwill and right owned by the Authority and used in the provision of water service, whether real, personal, mixed, tangible or intangible, and including all the physical plant, property, equipment and facilities comprising the System owned by the Authority shall be conveyed to PAWC. The Engineering Assessment (**Appendix A-15-a**) contains a list of the water system inventory used in connection with the System to be conveyed to PAWC. All interests in real estate, including leases, easements and access to public rights-of-way, owned by the Authority and relating to the System are defined and described in Schedule 4.1(l)(i)-(iii), as well as all assigned contracts to be conveyed to PAWC in Schedule 5.1(c). Prior to Closing, PAWC will review all contracts and a final determination will be made on which contracts will be assumed and which will be terminated or revised.

Q. HAS PAWC AGREED TO ASSUME ANY LIABILITIES OF THE AUTHORITY AS PART OF THE TRANSACTION?

A. Yes. PAWC is accepting certain "Assumed Liabilities" as part of this Transaction on the day of and after Closing on the Transaction. Per Section 1.3(b) of the APA, PAWC will assume all liabilities and obligations associated with the Assigned Contracts on and after Closing. PAWC will not assume or be liable for any liabilities or obligations other than the Assumed Liabilities.

Q. PLEASE SUMMARIZE THE APA'S PROVISIONS GOVERNING THE NEGOTIATED PURCHASE PRICE OF THE TRANSACTION?

A. The consideration for the purchase of the System as set forth in Section 2.1 of the APA is the negotiated purchase price of $32,800,000. An amount to be determined will be placed in a Missing Easement Escrow for all easements that are missing as of Closing as set forth in Section 4.1(l)(vii) of the APA. In addition, since the Authority plans to dissolve on or shortly after Closing, Section 10.4(b) of the APA provides that the Authority will place $2,000,000 in escrow to cover any claims or damages of any PAWC Indemnified Party for a period of up to two years after Closing.

Q. PLEASE DESCRIBE IN MORE DETAIL HOW MISSING EASEMENTS WILL BE HANDLED AFTER CLOSING.

A. As of the Closing Date, the Authority will fund an easement escrow fund in the amount of Two Thousand Dollars ($2,000) for each missin g easement as set forth in APA Section 10.4(a).

Q. PLEASE EXPLAIN THE RATES THAT WILL APPLY TO THE AUTHORITY'S CUSTOMERS FOLLOWING THE CLOSING OF THE TRANSACTION.

A. As will be explained more fully in the Direct Testimony of Dr. Christina E. Chard, PAWC Statement No. 3, PAWC will adopt, upon Closing of the Transaction, the Authority's water rates in effect at the time of Closing.

Immediately upon Closing, the Authority's customers will be subject to PAWC's prevailing water tariff on file with the Commission with respect to miscellaneous fees and charges and rules and regulations for water service. The Authority's customers will not be charged the DSIC prior to the first revision of PAWC's Long Term Infrastructure Improvement Plan after Closing or the effective date of PAWC's next Commission-approved base rate increase, whichever is sooner. The Authority's customers will continue to be billed on a monthly basis. The monthly rates are shown in PAWC's *pro forma* tariff in **Appendix A-12** to the Application.

Q. HAS PAWC MADE ANY COMMITMENTS IN THE APA THAT WILL BE IMPLEMENTED AFTER THE CLOSING OF THE TRANSACTION?

A. Yes. PAWC has committed to offer employment to eligible Authority employees following the Closing of the Transaction, subject to certain conditions, as set forth in APA Section 7.1 and Schedule 7.1.

Mr. Fiscus will discuss capital investment commitments in greater detail in his written direct testimony, PAWC Statement No. 2. Mr. Fiscus also will discuss anticipated day-to-day operation of the System once it is acquired by PAWC, including staffing.

Q. WILL PAWC BE ASSUMING ANY CONTRACTS AS PART OF THE TRANSACTION?

A. Yes, **Appendix A-25** lists all Authority contracts that PAWC currently intends to assume at Closing. Prior to Closing, PAWC will review all contracts and a final determination will be made on which contracts will be assumed and which will be terminated or revised.

BACKGROUND INFORMATION ON PAWC AND THE SYSTEM

Q. PLEASE PROVIDE AN OVERVIEW OF PAWC.

A. PAWC, a subsidiary of American Water Works Company, Inc. ("American Water"), is the largest regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, 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. Water and wastewater services are furnished by PAWC to the public in a service territory encompassing more than 424 communities in 38 counties. Overall, PAWC serves a combined population of over 2.4 million people across the Commonwealth and is American Water's largest subsidiary. PAWC currently employs approximately 1,200 professionals with expertise in all areas of water and wastewater utility operations, including engineering, regulatory compliance, water and wastewater treatment plant operation and maintenance, distribution and collection system operation and maintenance, materials management, risk management, human resources, legal, accounting, and customer service. PAWC has the expertise, the record of environmental compliance, the commitment to invest in necessary capital

improvements and resources, and the experienced managerial and operating personnel necessary to provide safe and reliable water service to the residents of the Service Area.

Q. HOW MANY CUSTOMERS DOES THE SYSTEM CURRENTLY SERVE AND HOW MANY CUSTOMERS DOES PAWC CURRENTLY SERVE?

A. As of June 30, 2025, the System furnished water services to approximately 2,389 customers. As of September 30, 2025, PAWC furnished water service to approximately 695,001 residential, commercial, industrial, municipal and bulk customers, and provided wastewater services to approximately 116,427 customers in Pennsylvania.

THE TRANSACTION IS IN THE PUBLIC INTEREST

Q. PLEASE EXPLAIN WHY THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST.

A. The Transaction will result in an affirmative public benefit of a substantial nature. First, PAWC, as a large and long-established public utility, has the managerial, technical, and financial fitness to operate the ICVWA System in a safe and efficient manner in compliance with the Code, the Pennsylvania Clean Streams Law, and all other applicable statutory and regulatory requirements. PAWC has extensive experience in the operation of water systems including specific experience with the types of treatment technologies employed in the ICVWA System. As will be explained in more detail by Mr. Fiscus in PAWC Statement No. 2, the ICVWA system has operational and compliance challenges, and PAWC personnel have the required expertise to ensure safe, reliable and efficient operation of the System. PAWC continues to develop expertise for the benefit of the

Commonwealth through its current operation of 37 surface water filtration treatment plants providing service to 695,001 customers in 38 Pennsylvania counties.

Second, ICVWA's customers will benefit in several ways from becoming PAWC customers. PAWC is a large, financially-sound company that has the capacity to finance necessary capital additions and improvements that will benefit its customers. In addition, given its size, its access to capital, and its recognized strengths in system planning, capital budgeting, and construction management, PAWC is well-positioned to ensure that water is properly treated and meets all applicable state and federal regulatory requirements. There is also a general public benefit of PAWC being subject to the jurisdiction of the Commission, which requires PAWC to provide adequate, efficient, safe and reliable service at just and reasonable rates. Currently, the Authority has no such regulatory oversight.

Third, the ICVWA's current customers will benefit from the enhanced and proven customer service that PAWC provides. Mr. Fiscus, discusses these customer service enhancements in more detail in PAWC Statement No. 2. Nevertheless, I would like to note that they include, but are not limited to, extended customer service and call center hours, enhanced customer information and educational programs and access to PAWC's customer assistance programs. Additionally, through community giving, partnerships and volunteering, PAWC demonstrates its commitment to programs that address community-specific needs. One example is PAWC's H2O – Help to Others Program, which for more than twenty-five years has assisted low-income customers. Dr. Chard provides more details about these programs in her testimony, PAWC Statement No. 3.

Fourth, residents of the area will benefit from the tax revenues that PAWC will pay to municipal governments in the area. The Authority's facilities are not subject to tax. Utility operational costs are higher, in part, due to these expenses, but there is a public benefit of having more private property on the tax rolls as a result of the Transaction.

Fifth, the proceeds of the sale of the assets will aid in stabilizing each Township's respective tax base. As was noted in the testimony of Mr. Witt, the Authority General Manager, the proceeds of the sale would be used to allow for infrastructure and service improvements in the two APA Townships without the need for tax increases to residents.

Finally, the Transaction will benefit PAWC's existing customers and ICVWA's current customers in the long-term by expanding PAWC's customer base. There will be no immediate rate impact on PAWC's existing customers, and we expect that the Transaction will help PAWC maintain reasonable rates for all its customers going forward. In the long-term, the Transaction will help PAWC keep rates reasonable for all of its customers. Through its expertise in water operations and management and the leveraging of economies of scale (purchasing power, labor efficiency, system integration and efficiency improvement), PAWC will, over time, be able to lower or slow the increase in the cost of operating the ICVWA System. Moreover, by adding additional connections to the entire PAWC system, there are more customers to share future infrastructure investment costs which promotes stable rates across the entire PAWC system. Customers who benefit from near-term improvements will one day help pay for improvements on behalf of other customers in other parts of the PAWC system. Being able to spread the costs of investing in and maintaining public water systems over a growing customer base,

particularly in a time of increased environmental requirements, is essential to the continued success of water systems and maintaining reasonable rates for customers.

Q. PLEASE EXPLAIN WHY THE TRANSACTION WOULD FOSTER THE COMMISSION'S GOAL OF PROMOTING THE REGIONALIZATION AND CONSOLIDATION OF WATER SYSTEMS?

A. The acquisition fosters the Commission's stated goal of consolidating and regionalizing water and wastewater systems to provide greater environmental and economic benefits to customers. Mr. Fiscus discusses this in detail in his testimony, PAWC Statement No. 2. Current PAWC Western Area operation employees and ICVWA employees will be under the same management and support teams, and employees of both departments will support each other when appropriate and necessary, particularly in emergency situations. The ICVWA System is located northeast of PAWC's Uniontown and Connellsville Districts, and is adjacent to and has an existing interconnection with the PAWC Connellsville system. PAWC can draw upon a much broader range of engineering and operational experience, as well as deeper financial resources, to address operational challenges and support growth and development. Additionally, given PAWC's existing regional area operations, PAWC is better positioned to provide utility services on a long-term, cost-effective basis.

Q. DOES THE REGIONALIZATION AND CONSOLIDATION OF WATER SYSTEMS BENEFIT THE PUBLIC?

A. Yes, it does. I am advised by counsel that the Commission has a Statement of Policy at 52 Pa. Code § 69.721, which states that the Commission believes that further regionalization and consolidation of water and wastewater systems may result in greater environmental and economic benefits to customers. Regionalization and consolidation have economic benefits for customers because they allow the use of better management practices and they allow greater economies of scale. Examples of economies of scale include:

- PAWC's ability to obtain supplies (such as mains, treatment chemicals and purchased power costs (electricity, natural gas and diesel fuel)) at lower rates because it is able to buy in bulk.
- PAWC's size gives it greater purchasing power, allowing it to negotiate better rates for purchases than the ICVWA.
- PAWC can move equipment (such as emergency generators, portable pumps, excavating equipment, and vacuum-jetter trucks) around its system, whereas the Authority currently must buy or rent any equipment it needs.
- PAWC's size allows it to spread fixed costs across a larger asset platform and customer base.
- PAWC's staffed engineering department allows it to perform planning, design, and construction management services internally rather than contracting the work out at higher cost to consulting engineers.

In addition, regionalization and consolidation have environmental benefits for customers and the public-at-large. Small public utilities and local water and wastewater providers are challenged in keeping up with a changing regulatory landscape and with necessary investment in a system. Consolidation promotes the acquisition of these systems by qualified system operators with the ability to meet established compliance deadlines and increasingly stringent environmental requirements in the future.

PAWC'S LEGAL, FINANCIAL AND TECHNICAL FITNESS

Q. PLEASE TELL US WHY PAWC IS LEGALLY FIT TO ACQUIRE AND OPERATE THE SYSTEM.

A. PAWC is a Commission-regulated public utility with a good compliance history. There are no pending legal proceedings that would suggest that PAWC is not legally fit to provide service to customers on the Authority's System.

Q. CAN YOU EXPLAIN WHY PAWC IS FINANCIALLY FIT TO ACQUIRE AND OPERATE THE SYSTEM?

A. Yes. PAWC is the largest water and wastewater provider in Pennsylvania. It has a long-demonstrated history with the Commission of financial stability.

As part of the Application, PAWC provided the audited internal balance sheet, as of December 31, 2024 for PAWC (**Appendix D**), as well as the audited income statement, as of December 31, 2024, for PAWC (**Appendix F**). Those documents show that PAWC had total assets of approximately $7.9 billion as of December 31, 2024. Further, they show that PAWC had operating income of approximately $498 million and net income of approximately $314 million for the 12 months ending December 31, 2024. These figures further demonstrate that PAWC has the financial stability and wherewithal to acquire the System and operate it in the public interest. Dr. Chard will provide additional details on the financial health of PAWC and its ability to access capital in PAWC Statement No. 3.

Q. PLEASE EXPLAIN WHY PAWC IS TECHNICALLY FIT TO OPERATE THE SYSTEM.

A. As I discussed earlier, PAWC is engaged in the business of collecting, treating, storing, supplying, distributing, and selling water to the public. PAWC is the largest investor-owned water and wastewater utility in the Commonwealth of Pennsylvania and PAWC already has significant water and wastewater operations throughout Pennsylvania. PAWC is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully integrating those assets into our business operations. In fact, PAWC is often called upon by the Commission to step in and resolve troubled water and wastewater systems (such as the East Dunkard Water Authority, the Delaware Sewer Company, the Winola Water Company, and more recently, the Rock Spring Water Company), resolving compliance issues, and providing the high standard of service that customers expect and deserve. Mr. Fiscus will explain in greater detail in PAWC Statement No. 2 how PAWC intends to operate the System once acquired.

DESCRIPTION OF THE SERVICE AREA

Q. PLEASE EXPLAIN THE SERVICE AREA SOUGHT BY PAWC IN THE APPLICATION.

A. As part of its Application, PAWC is seeking the right to provide service to the customers currently served by the Authority in a service territory over 140 square miles, including: portions of the Townships of Bullskin, Connellsville, Saltlick, Springfield and Stewart and all of the Borough of Ohiopyle in Fayette County, and portions of the Townships of Donegal and Mount Pleasant and all of the Borough of Donegal in Westmoreland County, Pennsylvania. The service area is located northeast of and abuts PAWC's existing operations in the Connellsville and Uniontown Districts. A map depicting the Authority's

System is provided in in the Application at **Appendix A-16-f_CONFIDENTIAL**. No municipal authority, corporation, partnership or individual other than the Authority is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by PAWC in the Service Area covered by the Application, and no competitive condition will be created. As discussed above, upon Closing of the Transaction, the Authority will permanently discontinue all water service to the public.

APPROVAL OF CONTRACTS WITH MUNICIPAL CORPORATIONS

Q. HAS PAWC REQUESTED CODE SECTION 507 CERTIFICATES OF FILING OR APPROVALS AS PART OF ITS APPLICATION?

A. Yes. In addition to the approvals sought under Sections 1102(a) and 1329 of the Public Utility Code, 66 Pa. C.S. §§ 1102(a), 1329, the Application requests Certificates of Filing or approvals under Section 507 of the Code. 66 Pa. C.S. § 507. According to PAWC's counsel, the APA, the First Amendment to the APA, and any contract with a municipal corporation that will be assumed by PAWC must be filed with the Commission pursuant to Section 507. Aside from the APA and the First Amendment thereto, PAWC has identified eight (8) municipal contracts requiring Certificates of Filing or approvals under Section 507 (see **Appendices A-25.1 through A-25.8 to PAWC Exhibit TJB-1**).

Q. PLEASE DESCRIBE THE MUNICIPAL CONTRACTS TO BE ASSUMED BY PAWC.

A. PAWC is seeking Commission approval under Section 507 of the following additional municipal contracts: (a) Agreement dated April 13, 1995 between the Township of Donegal and the Indian Creek Valley Water Authority (attached hereto as Appendix A-25.1); (b) Agreement dated April 17, 1995 between the Township of Mount Pleasant, Westmoreland County and the Indian Creek Valley Water Authority (attached hereto as Appendix A-25.2); (c) Agreement dated May 2, 1995 between the Borough of Donegal and the Indian Creek Valley Water Authority (attached hereto as Appendix A-25.3); (d) Interconnect Agreement dated September 28, 1998 between the Pleasant Valley Water Authority and the Indian Creek Valley Water Authority (attached hereto as Appendix A-25.4); (e) Agreement dated August 15, 2002 between the Township of Stewart, Fayette County and the Indian Creek Valley Water Authority (attached hereto as Appendix A-25.5); (f) Sewage System Right of First Refusal Agreement dated June 15, 2012 by and between Ohiopyle Borough and Indian Creek Valley Water Authority (attached hereto as Appendix A-25.6); (g) Services Agreement for ICVWA to act as billing and collection agent and provide water termination service by and between Indian Creek Valley Water Authority and the Borough of Ohiopyle (attached hereto as Appendix A-25.7); and (h) Agreement for lease of land and granting rights and privileges by and between the Municipal Authority of Westmoreland County and Indian Creek Valley Water Authority dated July 16, 2024 (attached hereto as Appendix A-25.8).

The Authority is currently taking the steps necessary to assign the contracts to PAWC upon Closing. Commission approval of the continuation of these contracts is necessary in order for PAWC, after Closing, to provide water service as the Authority has previously done. Approval is reasonable and serves an important public purpose

because the services provided under the contracts are essential to the provision of water service in neighboring communities. To the extent that PAWC renegotiates contracts with municipalities, PAWC will promptly file such contracts for Commission approval under Section 507.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my direct testimony as additional issues or facts arise during the course of this proceeding. Thank you.

Indian Creek Valley Municipal Authority
Public Meetings
2 Meeting Locations - Saltlick Township and Springfield Township
Thursday, March 27, 2025

Item #	Public Question or Comment	PAWC Response	Meeting Location
1	Concerned about changing the source; doesn't want their water coming from the Mon or Yough; are we going to keep the spring water	We intend to keep the same sources of supply but indicated we do review sources from time to time, and that future sources may be necessary.	Saltlick
2	Where is our water going to? Is it going to fracking, industrial customers? DEP just approved a new coal mine to go under the turnpike, will we give them water?	We would evaluate any customer that requests a large usage and determine if we can supply their request without it affecting existing customers. Improvements at the customer's expense may be required to meet their demand.	Saltlick
3	Who supplies ICVWA when they run out of water (referencing PAWC has an emergency interconnect with ICVWA)? Not very happy to hear it comes from MAWC; concerned about "dilluting" spring water with supplemental supply from MAWC	Acknowledged their concern but stated there's no other supplemental source other than MAWC for now.	Saltlick
4	What will happen to offices and people?	We typically retain operational employees and facilities after acquisitions	Saltlick
5	Are we going to hold another meeting where we present information and people can ask questions as a group?	Unsure, possibly closer to close but not at this time	Saltlick
6	Were promised water years ago; Baptist Church Road; 9 houses, approximately 0.5 mile extension	Advised resident that PAWC could look at their situation in detail after any sale is closed, and explained bona fide process in tariff.	Springfield
7	Trying to get water for years; Cavenaugh Road; at least 2 houses less than 0.25 mile from main, told it couldn't be done because they would have to bore under the creek;	Advised resident that PAWC could look at their situation in detail after any sale is closed, and explained bona fide process in tariff.	Springfield

8	"word on the mountain" is PAWC would pay to run water from main to house; what are the tapping fees	PAWC does not charge a tapping fee, only an application fee; service line from curb box to house is the customer's responsibility.	Springfield
9	Who is responsible for the meter and pressure reducing valve; who pays for the meter; are we going to be charged based on the size of the line	PAWC would be responsible for the meter; everything outside of that, including PRV, is customer responsibility; we charge a service fee based on meter size, but consumption rate is the same regardless of line size unless you get into commercial/industrial rates	Springfield
10	Do we do a financial audit of the Authority? Where is all the money going? They suspect fraud; audit is done "internally" but no one gets to see it	We review expenses during due diligence so we can build a similar list of expenses, but we do not audit their books. As a public authority they are required to do an audit annually.	Springfield
11	Ohiopyle Mayor asks where is this at now?	This is a public meeting being held in advance of any sale to answer questions from the public.	Saltlick
12	Request for water on Kessler School Road	Advised resident that PAWC could look at their situation in detail after any sale is closed, and explained bona fide process in tariff.	Saltlick
13	Park managers from Ohiopyle State Park wanted to know about impacts to the Borough.	Advised them of Authority's current plans to look at former Ohiopyle WTP site for a new source. Advised we would possibly do same as part of an overall source of supply study for the area. Explained issues with old Mill Run WTP and need to find additional source. They indicated that the state park has an emergency connection with Authority in the Borough.	Saltlick
14	Request for water on Rich Hill Road	Advised resident that PAWC could look at their situation in detail after any sale is closed, and explained bona fide process in tariff.	Springfield
15	Request for water on Maple Summit Road	Advised resident that PAWC could look at their situation in detail after any sale is closed, and explained bona fide process in tariff.	Springfield
16	Would we shutdown Pritts spring? (The spring was on land that was originally owned by the customer's grandfather)	Advised that PAWC would continue to use Pritts Spring as a source of supply	Saltlick
17	Would we continue to use Mill Run resevoir as a source of supply? (same customer as above question)	Advised that PAWC would continue to use Mill Run reservoir as a source of supply. Since this facility is nearing the end of its useful life, it would eventually be replaced but not for several years	Saltlick
18	Will I ever get public water on my road? Asked by a person who lives on Stewarton Road in Sprinfield Township and is not a current customer. Customer said that the well water used causes major plumbing issues included rusted toliet bowls and fixtures and water is of poor quality (can not drink)	Advised resident that PAWC could look at their situation in detail after any sale is closed, and explained bona fide process in tariff.	Springfield
19	Was a third party audit every conducted on the Authority? A gentleman from Springfield (and one of the Springfield Supervisors) asked because he felt the financial sitiation of the Authority didn't make sense.	Yes, but the last public audit made available to PAWC was from 2021	Springfield

20	A customer asked "After acquisition, will PAWC "take" the water from Indian Creek's service area to other areas and leave customers without water"?	PAWC will ensure there is high water quality and availability for the customers of Indian Creek	Springfield
21	While talking to the employees, they asked what would happen to their current vacation and sick time they have accumulated	Within 1-2 months after the APA agreement is signed, PAWC OPS/HR will meet with the Authority employees to answer any questions	Springfield
22	A Springfield Supervisor asked how long the sale process will take? I.e., when would PAWC expect to be the operator of the system	Replied that the sale aproval process is conducted through the PA-PUC. The process is expected to take 12-14 months after the application is submitted to the PUC.	Springfield
23	Customer asked about extending water service to customers who aren't connected. Customer also stated how unhappy they were with the new locations of water mains the authority installed because they do not provide water service to the houses nearby.	Replied that PAWC is able to connect new customers to the system, advised customer to visit the engineering and operations tables for more information	Springfield
24	Customer asked about PAWC's locations, are we in other states?	Replied yes, we operate in over a dozen regulated states	Saltlick
25	Customer asked about the customer service phone number and how to reach PAWC	Explained that we we have a customer service center that is open 24/7 for emergencies and 7am to 7pm for nonemergencies. We also have a website where you can register your account to view your account details.	Saltlick
26	Customer asked if operations would remain local and advised me about a time they had a water break inside their home and needed the water shut off quickly by the authority, they asked if we would still have local employees	Yes, there will still be local operations and we would handle an emergency with the same quickness and efficiency .	Saltlick
27	Some customers had questions on the rate impact hand-out.	Explained the hand-out on rate impact structure to several customers.	Saltlick
28	Voluntarily provided information to customers about our community volunteer work and Customer Assistance Program after customers were done asking their questions. Provided one pagers for both.	Explained PAWC is very involved in the communities we serve, we attend community events, volunteer, provide grants	Saltlick
29	Customer asked when we would increase rates	Replied that the Authority's current rates would go in effect from the sale date, and any rate adjustment after that would need to be investigated and approved by the PUC. Advised that usually rate cases take at least 6-9 months before they are approved.	Saltlick
30	Are we going to reopen the Ohiopyle WTP?	It will be looked at as a source of supply option. The Authority is looking into the allocation currently. Provided the other options as a source of supply also. It would all depend on the results of study and modeling.	Saltlick

31	If a new Ohiopyle WTP is built would the wastewater from treatment be sent to the existing Ohiopyle WWTP that is currently overloaded? Would water quality be affected in the Yough?	More than likely not, we would have our own NPDES permit to discharge. We would treat our wastewater before discharging.	Saltlick
32	Comments regarding that some residence have dual systems, i.e., wells and public water.	We will need to make sure there is no chance of cross contamination.	Both
33	Comments regarding Ohiopyle is installing a tank at end of Sheridon St beside an existing one. and DCNR is also building one.	Information noted.	A Twp Supervisor
34	Concerned with sourcewater contamination/pollution.	We told them we have a sourcewater protection plan and part of that program is tracking potential sources of contamination.	Saltlick
35	Multiple customers asking what would happen with their rates? Will their rates be increased?	Advised that if the deal would proceed, their existing rates would be adopted until the Company goes through its next rate case with the Public Utility Commission to adjust its own base rates. At that time the Company would propose gradual increases until the acquisition customers are brought up to standard Company rates. Directed the customer to what their existing average residential bill is, what PAWC's current average residential bill is, and what the average residential bill would be if their customers had to support the acquisition at full cost (Commission required notice).	Both
36	Multiple customers asked about bulk water sales and if we would be selling their water elsewhere.	More than likely not. Explained our other nearby systems do not practice selling their water in bulk on a routine basis.	Saltlick
37	Multiple customers commented on current and future drought conditions - concerned we would be selling the water elsewhere, which would worsen drought conditions.	Same answer as above.	Springfield

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, Tracy J. Baer, P.E., hereby state that the facts set forth in PAWC Statement No. 1 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: November 3, 2025

Tracy J. Baer, P.E.
Senior Manager of Business Development
Pennsylvania-American Water Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

REBUTTAL TESTIMONY OF TRACY J. BAER, P.E. ON BEHALF OF PENNSYLVANIA-AMERICAN WATER COMPANY

Date: June 10, 2026

PAWC Statement No. 1-R

REBUTTAL TESTIMONY OF
TRACY J. BAER

INTRODUCTION

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is Tracy J. Baer, P.E., and my business address is 852 Wesley Drive, Mechanicsburg, PA 17055.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC" or the "Company") as Principal, Business Development.

Q. HAVE YOU SUBMITTED ANY OTHER TESTIMONY IN THIS PROCEEDING?

A. Yes. I submitted my direct testimony, PAWC Statement No. 1, on November 3, 2025.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to certain issues raised in the direct testimony of Office of Consumer Advocate ("OCA") witness LeeAnn Wise.

Q. PLEASE SUMMARIZE THE ISSUES YOU WILL BE ADDRESSING.

A. I will address Ms. Wise's testimony on the rate impact of the transaction, various public benefits, and proposed conditions.

Q. ON PAGE 27 OF HER DIRECT TESTIMONY, MS. WISE RECOGNIZES THAT THIS TRANSACTION MAY LIMIT THE NEED FOR TOWNSHIP TAX INCREASES, BUT THE OVERALL IMPACT TO CUSTOMERS WILL NOT BE LOWER COSTS IF RESIDENTS' UTILITY RATES RISE. IS CUSTOMER RATE IMPACT THE ONLY BENEFIT THAT SHOULD BE CONSIDERED IN THIS INSTANCE?

A. No, Ms. Wise mistakenly points to customer rate impact as the sole determinant for the public benefits assessment. I am advised by counsel that the Supreme Court of Pennsylvania in *Lawrence v. Pa. PUC* rejected such arguments and determined that rate increases are just one of several metrics considered in the public benefits assessment.[1] The language from the court's order states as follows "Our precedent is clear that a transaction does not only satisfy the affirmative public benefits test if it results in lower rates for consumers."[2] PAWC's legal counsel will address this point further in briefs, but I believe the court's language clarifies that rate impacts is just one component of the public benefits assessment rather than a threshold issue.

Q. ON PAGE 29 OF HER DIRECT TESTIMONY, MS. WISE CLAIMS, CONTRARY TO YOUR DIRECT TESTIMONY, THAT THIS TRANSACTION WILL NOT PROVIDE ANY BENEFIT TO PAWC'S EXISTING CUSTOMERS BECAUSE ADDING CUSTOMERS ALONE DOES NOT CREATE ECONOMIES OF SCALE. DO YOU AGREE?

[1] *Lawrence v. Pa. PUC*, 348 A.3d 108, 131 (2025).
[2] *Id*.

A. No. PAWC's proposal to absorb the Authority's 2,389 water customers into the Company's network of 695,001 water customers will in fact create economies of scale. In contrast to Ms. Wise's theoretical generalization, my Direct Testimony addressed specific examples of the various benefits of PAWC's larger scale operations, including bulk purchasing for supplies and purchased power (including electricity, natural gas, and diesel), inter-company equipment use (allowing for use of emergency generators, portable pumps, and other equipment that would otherwise have to purchased or rented), efficient recovery of fixed costs across PAWC's larger asset and customer base, and sophisticated engineering and construction teams that can undertake planning, design, and construction management services that would otherwise be outsourced to consulting engineers at additional costs.

Q. REFERRING TO PAGE 31 OF MS. WISE'S TESTIMONY, DO YOU AGREE THAT THE AUTHORITY IS CURRENTLY IN COMPLIANCE WITH ALL STATE AND FEDERAL REGULATIONS RELATED TO CYBERSECURITY?

A. No. Authority Witness Kerry Witt's testimony details the Authority's struggles in responding to a recent cybersecurity attack. As discussed by Mr. Witt, the Authority has been investigating the incident for several weeks and remains unable to confirm the scope or impact of the attack. While the investigation remains ongoing, it is not clear whether the Authority will be in full compliance with the *Pennsylvania Breach of Personal Information Notification Act (BPINA)* notice requirements for public entities. This situation exposes the Authority to significant perils, as cyber security data breaches can

expose sensitive business and customer information, financial loss, and cause severe operational downtime.

While the Authority has engaged its staff in cybersecurity training, the prolonged scope or impact of the recent attack on the Authority's customer data and operational technology indicates the Authority remains insufficiently prepared to rapidly respond to cybersecurity incidents. This is a critical shortcoming, as the water sector has been increasingly targeted by nation-state actors, prompting federal warnings and increased sector focus on cybersecurity. As addressed in the Direct Testimony of PAWC Witness Jed Fiscus, PAWC, in partnership with its parent company, operates a multi-layered cybersecurity program, invests in developing industry-leading cybersecurity incident response protocols, and would apply these resources to fortify the Authority's systems against ever-evolving cyberthreats.[3]

Q. DO YOU HAVE ANY COMMENTS ON MS. WISE'S PROPOSALS RELATED TO EASEMENTS?

A. Yes. Ms. Wise requests that PAWC exclude the Authority's assets from its rate base until all outstanding easements are secured. PAWC disagrees with this proposal. Section 1329 establishes that the lower of the purchase price and the average of the buyer and seller appraisals is the value to be added to the buyer's rate base. The statute establishes this new value for all post-acquisition ratemaking.[4] As missing easements represent a very minor portion of the transferred assets, excluding these assets would unreasonably frustrate the

[3] PAWC Statement No. 2 at 19:3-27.
[4] 66 Pa. C.S. § 1329(g).

incentivizing purpose of Section 1329 and subject the Company to potentially extensive regulatory lag.

Moreover, the Company already has contractual mechanisms in place to address the concern raised by OCA. Section 4.1(l)(vii) of the APA obligates the Authority to undertake all commercially reasonable and diligent efforts to secure any missing easements prior to Closing. Section 10.4 of the APA further protects the interests of PAWC and its ratepayers by requiring the Authority to enter into an Easement Escrow Agreement and fund the escrow in an amount totaling $2,000 per missing easement not obtained prior to Closing. Following Closing, the Authority must diligently pursue the missing easements. If the Authority fails to secure the missing easements within the 24-month period following Closing, then the balance of the easement escrow attributable to the outstanding easements will be released to PAWC so it can use those proceeds to secure the missing easements.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

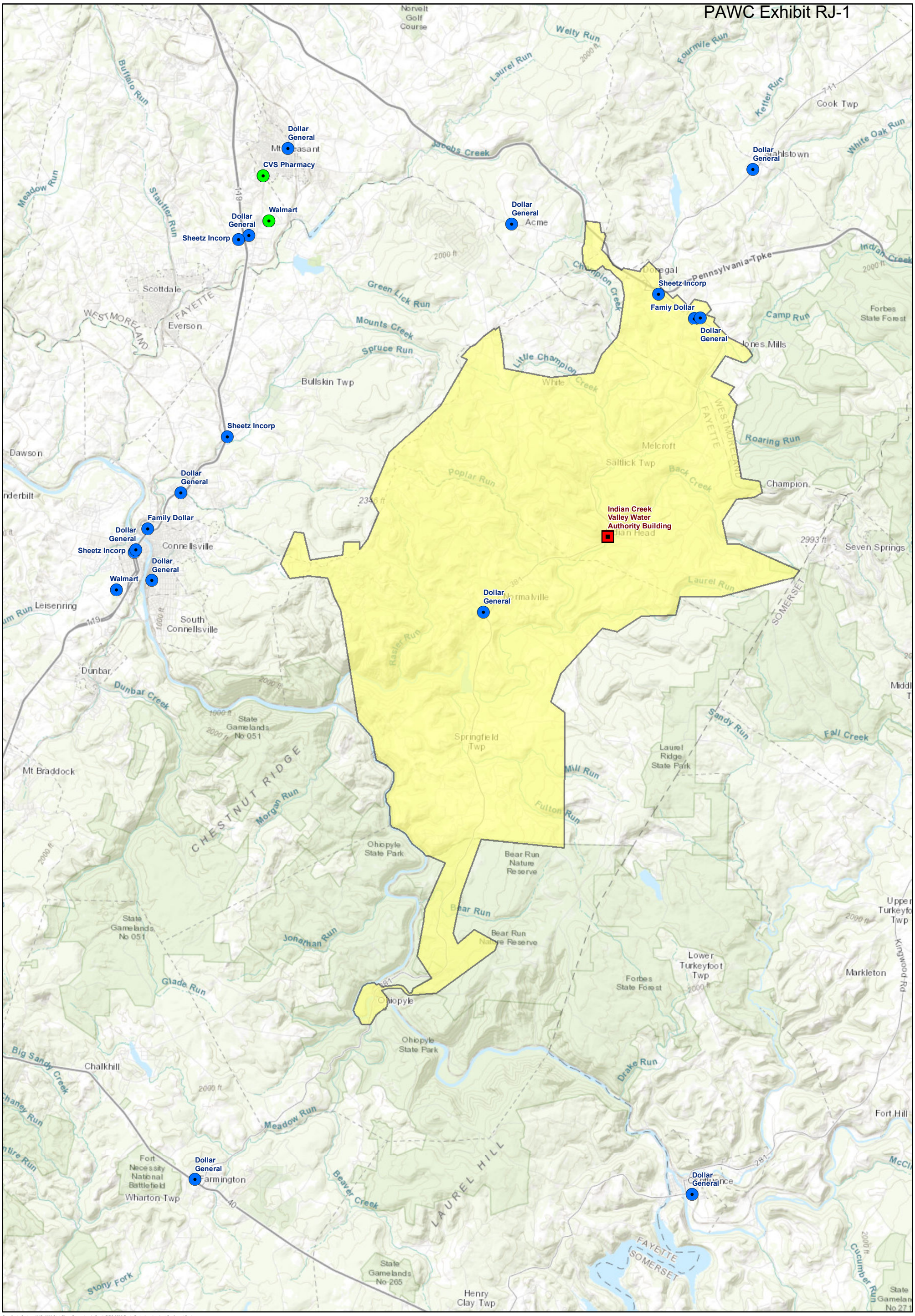
VERIFICATION

I, Tracy J. Baer, P.E., hereby state that the facts set forth in my Rebuttal Testimony, PAWC Statement No. 1-R, and accompanying exhibits, if any, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: June 10, 2026

Tracy J. Baer, P.E.
Principal, Business Development
Pennsylvania-American Water Company

PAWC Exhibit RJ-1



Coordinate System: NAD 1983 StatePlane Pennsylvania South FIPS 3702 Feet Projection: Lambert Conformal Conic

Legend

- PAWC Pay-In-Person Location - Fee
- PAWC Pay-In-Person Location - No Fee
- Indian Creek Valley Water Authority Building
- Indian Creek Valley Water Service Territory

PENNSYLVANIA AMERICAN WATER

Date: 6/11/2026

1 inch = 2 miles

0 1 2 4 Miles

TO BE USED FOR REFERENCE ONLY
Although every effort has been made to ensure the accuracy of the information, errors and conditions originating from physical sources to develop the information may be reflected in the data supplied.

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Indian Creek Valley Water System
Surrounding Customer Bill Pay Locations

Drawn By: MW

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 its water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, *et al.*

DIRECT TESTIMONY OF
JED A. FISCUS, P.E. ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: November 3, 2025

Amended PAWC Statement No. 2

DIRECT TESTIMONY OF
JED A. FISCUS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Jed A. Fiscus, P.E., and my business address is 425 Waterworks Road, Clarion, PA 16214.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC") as Director, Engineering Project Delivery for Western Pennsylvania.

Q. WHAT ARE YOUR RESPONSIBILITIES AS THE DIRECTOR OF ENGINEERING PROJECT DELIVERY?

A. As Director, Engineering Project Delivery, I am responsible for supervising a functional engineering, project management and construction staff and managing and coordinating several capital investment project activities related to water production, wastewater treatment, water distribution, wastewater collection, and other water and wastewater resources or operations systems.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.

A. I received my Bachelor of Arts in Physics from Duquesne University and my Bachelor of Science in Civil and Environmental Engineering from the University of Pittsburgh in 2002. I have worked in various engineering roles and have over 23 years of experience in civil and environmental engineering related to municipal water and wastewater systems. I have worked at PAWC since 2008 in engineering project delivery and management roles. I am

a registered Professional Engineer and a Certified Water System and Wastewater System Operator in the Commonwealth of Pennsylvania. Please see my resume attached as **PAWC Exhibit JAF-1**.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("COMMISSION")?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will describe the source of supply, water treatment and production, and water distribution systems ("System") currently owned by Indian Creek Valley Water Authority ("Authority") that PAWC has agreed to acquire (the "Transaction"). I will also explain how the acquired System will be integrated into PAWC's existing operations, describe PAWC's technical fitness to operate and improve the System and discuss the public benefits of the Transaction.

Q. PLEASE DESCRIBE THE SYSTEM.

A. The Authority owns and operates a public water system regulated by the Pennsylvania Department of Environmental Protection ("PADEP") under Public Water Supply ID ("PWSID") No. PA5260011. The System serves approximately 2,389 customer connections.

The original system construction dates to 1948, when the first water supply permit for the System was issued by the Pennsylvania Department of Health. The system is classified by PADEP as a combined groundwater and surface water system, with sources including a groundwater well, two (2) springs and a surface water reservoir. The groundwater source is a 150 gallon per minute ("gpm") rated well known as the Neals Run well. The surface water sources include two 150,000 gallon per day ("gpd") springs known as the Grimm Spring and Pritts Spring, and a 400,000 gpd surface water supply known as the Mill Run Reservoir/Treatment Plant. The system also includes a facility known as the Ohiopyle water treatment plant. This abandoned plant is no longer permitted by PADEP and has not been in operation since 2014. The Ohiopyle water treatment plant does not have DEP-permitted productive and treatment capacities. The total capacity of the sources is 916,000 gpd. Based on annual reports submitted by the Authority under Act 220, the system usage over the last 10 years has ranged from 428,000 to 495,000 gpd, well under capacity. Treatment is provided on each of the sources prior to water entering the distribution system. The distribution system consists of approximately 123 miles of ductile and polyvinyl chloride water main ranging from 2 to 12 inches in diameter, eleven (11) finished water storage tanks, one (1) new water storage tank under construction (New Ohiopyle Tank), two (2) inactive water storage tanks (Fowl Hill and Old Pleasant Hill Tanks), five (5) remote pump stations, seven (7) pressure reducing stations, 486 public fire hydrants, and associated infrastructure. The System facilities include an office building for administrative staff and a maintenance shop for field staff and equipment.

Q. IS PAWC ACQUIRING ALL OF THE PLANT ASSETS OF THE AUTHORITY?

A. Yes

Q. PLEASE DESCRIBE THE SYSTEM'S SERVICE AREA.

A. The System serves nine municipalities in a service territory covering 140 square miles, including: portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart and all of the Borough of Ohiopyle in Fayette County, and portions of the Townships of Donegal and Mount Pleasant and all of the Borough of Donegal in Westmoreland County, Pennsylvania. The service area is located northeast of and abuts PAWC's existing operations in the Connellsville and Uniontown Districts. A map depicting the Authority's System is provided at Amended Appendix A-16-f **CONFIDENTIAL**.

Q. DOES THE AUTHORITY RECEIVE WATER FROM ANY SURROUNDING SYSTEMS AND/OR SUPPLY WATER INTO ANY SURROUNDING SYSTEMS?

A. Yes. The Authority purchases raw (untreated) water from the Municipal Authority of Westmoreland County ("MAWC") at the Mill Run Reservoir and supplies treated water to three (3) interconnections with the Pleasant Valley Water Authority and one (1) interconnection to PAWC's Connellsville System. An emergency connection is also in place that allows the Authority to serve the Ohiopyle State Park.

Q. DOES THE TRANSACTION INCLUDE PAWC'S ACQUISITION OF PROPERTY NOT OWNED BY THE AUTHORITY?

A. No. All assets being acquired are currently owned by the Authority.

Q. PLEASE DESCRIBE HOW PAWC WILL MANAGE THE DAY-TO-DAY OPERATIONS OF THE AUTHORITY SYSTEM ONCE IT IS ACQUIRED.

A. The System will become part of PAWC's Uniontown/Connellsville operations area and be integrated overall into PAWC's Southwest PA regional operations. The management team consists of a Senior Operations Manager, Senior Operations Superintendent, and Operations and Water Quality Supervisors. This will facilitate the integration of the Authority System into the local water operations strategy and culture, leverage synergies between the systems, provide cross functional support, and offer enhanced availability of shared resources for day-to-day and emergency situations.

Q. ARE OTHER PAWC EMPLOYEES AVAILABLE TO ASSIST WITH WATER OPERATIONS, AS NEEDED?

A. Yes. PAWC employees in all Southwest PA operation districts will be under the same area management and supported by a shared support team supporting common functions such as external affairs, supply chain, environmental compliance, health and safety, customer service, human resources, and engineering. Employees in the Southwest operation districts will support each other when appropriate and necessary, particularly in emergency situations. All operations and employees within PAWC and within the broader American Water Works Company, Inc. ("American Water") footprint have access to each other when circumstances require or when a very specialized skill or experience is required to support all local issues.

Q. WILL THERE BE ANY UNNECESSARY DUPLICATION OF OPERATIONS FACILITIES FOLLOWING THE ACQUISITION?

A. No. The System will be integrated with and under management from PAWC's Uniontown/Connellsville area, but remain a separate system with no overlapping operations.. As part of PAWC's Uniontown/Connellsville operations area, it will have the support of PAWC's Southwest PA regional operations, as well as PAWC's operations throughout the Commonwealth and American Water's nationwide resources.

Q. DOES PAWC PLAN INTERCONNECTIONS BETWEEN THE AUTHORITY AND OTHER PAWC WATER SYSTEMS?

A. The Authority's System is already connected to PAWC's Connellsville District. Future additional interconnections may occur between the systems as part of overall source of supply improvements, although no specific interconnection projects have been identified at this time.

Q. WHAT ARE THE ESTIMATED CAPITAL COSTS FOR THE SYSTEM?

A. The five-year capital plan for the System is shown on **PAWC Exhibit JAF-2**.

Q. HOW DID PAWC DEVELOP THIS PLAN?

A. The capital plan estimate is based on preliminary cost estimates of individual projects that will bring the System into compliance with PADEP regulations, identify new source(s) of supply to replace the Mill Run Reservoir/Treatment Plant and begin developing those projects, upgrade the Supervisory Control and Data Acquisition ("SCADA") system for

improved compliance and operational efficiency, increase security and safety provisions, complete priority main extensions, begin a programmed main replacement program to improve customer service and reduce water loss, and replace aged customer meters for improved accuracy and billing, among others.

Q. PLEASE DESCRIBE PAWC'S SYSTEM PLANNING, CAPITAL BUDGETING, AND CONSTRUCTION MANAGEMENT PROCESS, WHICH WILL APPLY TO THE SYSTEM AFTER CLOSING.

A. PAWC has an established track record of successfully managing large capital investment projects in order to provide safe, reliable service to the communities it serves. PAWC has an ongoing program of capital investment focused on systematically replacing and adding new pipes, treatment and pumping facilities, and other water and wastewater infrastructure, thereby minimizing customer disruption caused by infrastructure failure. PAWC has funded $2.6 billion in capital construction over the past five years and future investments are expected to average $608 million per year for the next five years. Capital planning is performed on a five-year planning horizon by in-house engineering staff and operations to address regulatory impacts, service adequacy and reliability, and establish capacity needs for PAWC's systems. As projects are delivered, project costs, alternatives and risks are further developed, and competitive bidding for consulting engineering design/permitting services and construction is utilized to keep costs as low as possible. Comprehensive periodic oversight of water and wastewater assets during the annual budgeting process and ongoing governance reviews gives PAWC a clear and objective view of needs and potential capital project solutions. Once approved through the capital governance process, the individual capital projects will be led and managed by PAWC engineers working in the

local Southwest PA Operations area, which will allow them to maintain clear visibility to the projects and react to conditions as they develop.

Q. DOES THE PENNSYLVANIA CONSTITUTION ADDRESS ENVIRONMENTAL RIGHTS?

A. I am advised by counsel that the Pennsylvania Constitution, Article I, Section 27, guarantees the right to a clean environment, and requires the Commonwealth to conserve and maintain environmental resources for the benefit of the public.

Q. DOES THE AUTHORITY HAVE A HISTORY OF ENVIRONMENTAL COMPLIANCE ISSUES?

A. Yes. The Authority has numerous and persistent instances of non-compliance with the regulations promulgated under Pennsylvania's Safe Drinking Water Act ("SDWA"), 35 P.S. §§ 721.1-721.17. A recent web search for SDWA violations in PADEP's Drinking Water Reporting System ("DWRS") found a total of 57 individual violations in the System from October 21, 2021 through January 22, 2025. A complete list of the DWRS violations is shown on **PAWC Exhibit JAF-3**. In addition to these historical violations that are logged in PADEP's digital records, the Authority has received three (3) new Notice of Violation ("NOV") letters from PADEP arising from inspections conducted by PADEP as recently as May 11, June 11 and July 2, 2025. Copies of these NOV letters are provided in **PAWC Exhibit JAF-4**.

The violations cover a broad range of issues, with many focused on monitoring/reporting and public notification activities, which are some of the most basic and most important

functions of a public drinking water utility. The breakdown of violations by type are summarized below:

- Failure to monitor/report for Inorganic contaminants (33);
- Failure to monitor/report for Disinfectant By-Product Rule contaminants (7);
- Failure to issue Tier 3 Public Notifications (6);
- Failure to monitor/report Combined Filter Effluent/Disinfection Residual result (5);
- Failure of a Public Water System to Obtain a Permit (3);
- Failure to monitor/report for Synthetic Organic contaminants (2);
- Failure to monitor/report for per- and polyfluoroalkyl contaminants (2);
- Chronic Failure to Monitor - System does not calculate a true CFE. Therefore, the CFE being reported is not adequate. Tier 3 Public Notification is required to be issued and repeated until this violation is properly addressed (1);
- Other Violations Deemed to be Significant Deficiencies - Clearwell does not have an alarm for low tank levels (1);
- Other Violations Deemed to be Significant Deficiencies - System does not implement a filter bed evaluation that is acceptable to the Department (1);
- Other Violations Deemed to be Significant Deficiencies - Alarms are not being tested/recorded quarterly (1);
- Failure to monitor/report for Entry Point Disinfectant Residual (1);
- Failure to collect weekly disinfectant residual and/or failure to monitor sufficient number of monthly disinfectant residuals (1);

- C1A violation of 25 Pa. Code § 109.602 which noted "the filter plant (referring to the Grimm Spring water treatment plant) is not staffed continuously while the plant is operating and is not equipped with shutdown capabilities (1); and
- C1A violation of 25 Pa. Code § 109.602 which noted "incompatible chemicals are not stored, fed and handled separately" at the Mill Run water treatment plant (1).

Q. DO THE AUTHORITY'S VIOLATIONS OF ENVIRONMENTAL STATUTES AND REGULATIONS IMPACT THE SAFETY, ADEQUACY, EFFICIENCY OR REASONABLENESS OF THE AUTHORITY'S WATER SERVICE?

A. Yes. The operational deficiencies highlighted by these violations are concerning and could lead to significant adverse impacts to the health and safety of the System's customers. As stated by PADEP in their NOV letters (**PAWC Exhibit JAF-4**), the cited violations meet the definition of a significant deficiency or are contributing to a significant deficiency as described in Title 25 Pa. Code § 109.1. of the Department's regulations. The definition of a "significant deficiency" reads, "*a defect in design, operation or maintenance, or a failure or malfunction of the sources, treatment, storage or distribution system that the Department determines to be causing, or has the potential for causing the introduction of contamination into the water delivered to consumers*".

The violation identified as "1. C1A violation of 25 Pa. Code § 109.602" in PADEP's July 2, 2025, NOV letter is particularly concerning and is illustrative of the difficulty that the Authority has in meeting critical regulatory obligations. The Authority was cited for not staffing the Grimm Spring water treatment plant continuously while the plant is operating

and is not equipped with shutdown capabilities. On August 18, 2018, PADEP promulgated new revisions to its Chapter 109 regulations requiring facilities such as the Grimm Spring plant to install alarms and automatic shutdowns if the plant was ever operated without an operator present. Public water systems were to comply with the new regulations within one year after promulgation, or August 18, 2019. The Authority did not comply with the 2019 deadline. Well after the deadline passed, the Authority designed improvements to the Grimm Spring plant and obtained a Water Supply Construction Permit from PADEP on February 9, 2022. Construction of the project was never initiated, and the project is currently stalled as the Authority seeks funding. It is now over 6 years past the regulatory deadline and the Authority is still not compliant. Because of a lack of urgency and lack of funding, the Authority continues to operate the Grimm Spring plant in a manner that presents a serious risk to its customers. If the treatment process was compromised while an operator was not present, the current facility would not shut down automatically and could introduce unsafe water into the distribution system, risking a waterborne disease outbreak.

The other violations are also concerning. The numerous “failure to monitor/report violations," including a recent serious violation for “Chronic Failure to Monitor”, means that there is no way for the Authority to confirm the safety of the water supplied to customers during the relevant period. Regular routine monitoring is required to detect any increase in contaminants in the water system and allow the water utility to notify customers and take corrective actions to eliminate or mitigate the contaminants. If the utility fails to perform the required routine monitoring, it has no idea what the levels of contaminants are

and cannot take actions to protect the customers. Furthermore, due to the Authority's failure to issue appropriate and required public notice in a timely manner, their customers are unaware of possible concerns with drinking water quality.

In summary, the Authority's failure to properly invest in their system to meet health-based PADEP regulations at the Grimm Spring facility, repeated and chronic failures to monitor and report results to PADEP, failure to issue proper public notification to customers, and failure to meet basic operating standards are evidence of the Authority's inability to operate and manage a water utility that is consistently compliant with today's regulatory standards. As I mentioned before, these routine activities are some of the most basic and most important activities that a water utility undertakes to protect the drinking water quality being delivered to customers.

Q. IN YOUR OPINION, IS PAWC BETTER EQUIPPED THAN THE AUTHORITY TO OPERATE AND MAINTAIN THE SYSTEM IN COMPLIANCE WITH APPLICABLE ENVIRONMENTAL STATUTES AND REGULATIONS?

A. Yes. As an experienced public utility, PAWC has extensive experience in complying with current and emerging environmental regulations and being proactive with capital investments to maintain system integrity and reliability. The aforementioned Chapter 109 regulation revision by PADEP is an excellent example to contrast the difference between PAWC and the Authority. At the time of the revision, PAWC operated 35 surface water treatment plants that were subject to the new alarm/shutdown rules. PAWC was compliant with the new rules at every one of its 35 plants by the August 18, 2019, deadline. Meanwhile the Authority is still not compliant at its Grimm Spring facility more than six

years after the deadline. The Authority's record of noncompliance demonstrates that it does not have the dedicated resources needed to focus on even the basics of water utility operations, such as routine monitoring, reporting to PADEP, and public notification. In contrast, PAWC has a dedicated Water Quality and Environmental Compliance department with professionals staffed to ensure that these basic and important functions are performed correctly. If the Transaction is approved, PAWC will timely perform all monitoring and reporting that DEP requires. PAWC utilizes in-house laboratory resources with computerized laboratory information systems along with detailed sampling and reporting schedules under formal Environmental Management Plans to track these activities. PAWC has never been cited by DEP for chronic failures to monitor and report. The Authority's customers will benefit from the dedicated staffing and focused attention that PAWC places on water quality, environmental compliance and prompt customer notification.

Finally, prudent renewal and replacement of the Systems' infrastructure through capital investment is the key to achieving and maintaining long-term environmental compliance. As I testified earlier, PAWC has an established track record of successfully managing large capital investment projects to provide safe, reliable service to the communities it serves. PAWC has an ongoing program of capital investment focused on systematically replacing and adding new pipes, treatment and pumping facilities, and other water and infrastructure, thereby minimizing customer disruption caused by infrastructure failure. As evidenced by the Authority's failure to adequately fund and complete the critically important Grimm Spring plant improvement project, the Authority does not have the resources to proactively

invest in their System to renew assets, achieve environmental compliance and ensure service reliability.

Q. IF THE TRANSACTION WOULD NOT OCCUR, DO YOU BELIEVE THAT THE AUTHORITY WOULD HAVE THE FINANCIAL AND TECHNICAL CAPABILITIES TO MATERIALLY IMPROVE ITS ENVIRONMENTAL PERFORMANCE IN THE FUTURE?

A. No. Based on its history of numerous and persistent environmental violations, the Authority has not proactively addressed environmental compliance issues before they rose to the level of violations from PADEP. The Authority's compliance record reflects a consistently reactive approach to environmental compliance. An illustrative example is the current condition of the Authority's Mill Run water treatment plant. This plant was built in the early 1970's and has had minimal investment ever since. The plant and its technology are aged and outdated, highly inefficient, dependent on manual operation, and deficient with respect to PADEP's current design standards. As far back as 2008 and continuing to present, the PADEP has been citing the Authority for the design deficiencies at the plant. Relevant documentation is provided in **PAWC Exhibit JAF-5**. PADEP's January 8, 2008, inspection report lists several upgrades needed at the plant. Several years later, PADEP's October 6, 2015, inspection report cites the Authority for a C1 violation – failure to meet design/construction standards and goes on to describe a long list of design deficiencies at the Mill Run plant. Follow-up inspections by PADEP on November 19, 2019, and June 16, 2022, continue to reveal design deficiencies at the plant. Despite these numerous citations and the obviously aged condition of the plant, the Authority has no

plans underway to design, permit and fund a full upgrade or replacement of the plant and is only doing the minimal amount of maintenance to keep the facility running. This approach represents a short-term solution that fails to address the underlying design deficiencies at the plant. If the Transaction does not occur, I believe that the Authority will continue to operate in a similar manner that neglects environmental compliance requirements and puts customers at risk.

Q. HOW WILL PAWC ADDRESS THE AUTHORITY'S ENVIRONMENTAL CHALLENGES AFTER CLOSING?

A. As part of this Transaction, PAWC will negotiate a Consent Order and Agreement ("COA") with PADEP that will establish a compliance schedule for the Grimm Spring plant violations and Mill Run plant design deficiencies, as well as others identified by PAWC or PADEP during negotiation of the COA. PAWC will then assume responsibility for implementing the necessary projects upon the Closing of this Transaction. As discussed previously, PAWC has developed a five-year capital plan totaling $10.1 million that includes completing the compliance projects, as well as numerous other projects that will: (1) replace the System's aging infrastructure; (2) replace targeted areas of the distribution system components known to have unacceptably high non-revenue water; (3) make plant process improvements that will yield environmental, safety and security benefits to customers and employees; and (4) improve the efficiency of operations. PAWC will immediately incorporate the Authority's System into its comprehensive and proactive environmental compliance program. The Water Quality Manager in PAWC's Western PA operations area will assume oversight for compliance of the Authority's System. This

employee is part of PAWC's statewide Water Quality and Environmental Compliance Department and reports to PAWC's Director of Water Quality and Environmental Compliance. This will benefit the Authority staff by integrating them into PAWC's larger compliance organization, which will help them assimilate PAWC's proactive compliance culture, and provide access to statewide compliance expertise, shared resources, and improved work management tools. Examples of these tools include MapCall – a computerized maintenance and workorder management system, Environmental Management Plans – a written comprehensive compliance plan for each water and wastewater system that is reviewed and confirmed quarterly, and Internal Audits – a corporate oversight program that focuses on critical operating priorities for state operating companies, including environmental compliance matters.

Q. PLEASE DESCRIBE PAWC'S TECHNICAL FITNESS TO PROVIDE WATER SERVICE TO THE AUTHORITY'S CUSTOMERS.

A. PAWC is the Commonwealth's largest investor-owned provider of water and wastewater services. As a leading water and wastewater provider in Pennsylvania, PAWC brings industry leading expertise and has extensive technical experience in upgrading, operating, and maintaining water and wastewater facilities. PAWC is a recognized leader in providing communities in the Commonwealth with well-maintained and reliable water and wastewater services and has extensive local knowledge due to PAWC's decades of experience providing water and wastewater service to Fayette County and the surrounding area.

PAWC currently employs approximately 1,200 professionals with expertise in all areas of water and wastewater utility operations including engineering, regulatory compliance, water treatment plant operation and maintenance, distribution system operation and maintenance, material management, risk management, human resources, legal, accounting, and customer service. As a subsidiary of American Water, PAWC has available to it additional resources of highly trained professionals who have expertise in various specialized areas. This experience is available to support PAWC's operations staff and facilities.

A team of approximately 70 American Water corporate engineers has handled a wide variety of system assessments, treatment process evaluations and design reviews for water and wastewater treatment systems in order to improve operations and prioritize capital improvements. For example, PAWC successfully leveraged its corporate engineering expertise following two recent acquisitions, the Steelton water system, and the Exeter wastewater system. For both of these systems, subject matter experts from the corporate engineering team conducted process evaluations of the water and wastewater treatment processes and identified solutions to remedy on-going operational challenges.

In contrast, the Authority employs eleven (11) full-time employees who are primarily dedicated to the day-to-day activities of the operation of the System. While they do a commendable job of operating the System considering the available resources, the Authority operates with limited resources and lacks access to the breadth of broad industry

knowledge, project management expertise, and in-house subject matter experts that PAWC can bring into projects.

In addition to the points that I discussed earlier, as of September 30, 2025, PAWC had approximately 695,001 water customers across the Commonwealth. PAWC has experienced no material issues in complying with the Pennsylvania Public Utility Code ("Code"), the Safe Water Drinking Act ("SWDA"), or other regulatory requirements. Moreover, PAWC has the resources, skills, and expertise to respond to ever-increasing environmental standards for the treatment of water and to manage the long-term infrastructure renewal and replacement needs inherent in water systems.

I am advised by counsel that the Commission recently adopted a Statement of Policy regarding Public Fire Protection Service and System Hydraulic Monitoring. This Statement of Policy recommends that a water public utility, during the acquisition due diligence process, consider the expenditures and timeframes necessary to bring fire protection service to the water utility's operating characteristics. 52 Pa. Code § 69.1503(d). If the Transaction is approved, PAWC will upon closing test each hydrant to determine if any fire hydrants do not meet standards for flow and residual pressure. The Authority's system will be surveyed, and water assets will be loaded into PAWC's GIS system and include pipe sizes and elevations. Hydraulic and water quality modeling will be performed to ensure all hydrants provide the necessary fire service. Estimated costs for these activities are included in PAWC's capital improvement plan for the System.

Q. DOES PAWC MAINTAIN CYBER SECURITY, PHYSICAL SECURITY, BUSINESS CONTINUITY AND EMERGENCY PLANS?

A. Yes. Cyber and physical security plans are maintained and monitored by American Water for each of its subsidiaries. PAWC maintains emergency response plans ("ERPs") and operations and maintenance manuals, both of which have operational business continuity included within the plans and are updated each year. These plans are tested each year through emergency response tabletop exercises. Each plan is overseen and managed by various groups and individuals to provide overarching support to PAWC. These groups are responsible for testing, reviewing, and updating their respective plan(s).

The departments assigned to Physical Security, Emergency Response, Business Continuity, and Cyber Security plans are as follows:

- Physical Security Plan - Operational Risk Management Security (American Water Works Service Company, Inc. ("AWWSC"));
- Cyber Security Plan - Operational Risk Management Security (AWWSC);
- Emergency Response Plan - Operations (PAWC); and
- Business Continuity Plan - Operational Risk Management (PAWC) and Operations (PAWC).

To constantly protect physical and cyber resources, the designated groups have developed procedures to ensure that PAWC operates in a safe, secure, and reliable environment. A major commitment in assuring plans are kept current is performing various testing on an annual basis. Types of testing performed by AWWSC and PAWC include vulnerability assessments, system operational testing, full-scale exercises, media backups, and real-life events. In contrast, the Authority has no written Physical Security or Business Continuity Plans in place.

The Authority does not have a robust security program in place and has been cited by PADEP recently for failing to adequately secure its facilities (**PAWC Exhibit JAF-6**). PAWC is more capable of maintaining security at critical assets of the Authority. PAWC has identified the need for security improvements at the Authority and has budgeted capital to address those needs. Capital improvements will include access control improvements as well as remote monitoring.

Q. PLEASE DESCRIBE PAWC'S CYBERSECURITY CONTROLS.

A. PAWC's cybersecurity controls are consistent with the National Institute of Standards and Technology ("NIST") cyber security framework and the American Water Works Association ("AWWA") Process Control System Security Guidance for the Water Sector. The Authority contracts out their cyber security program to an external vendor.

Q. PLEASE DESCRIBE PAWC'S RELATIONSHIPS WITH COMMISSION EMERGENCY RESPONSE STAFF, PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY ("PEMA") STAFF, AND LOCAL FIRST RESPONDERS.

A. PAWC has a strong working relationship with the Commission's Emergency Response Staff. PAWC provides the Commission with emergency response numbers for all PAWC operating areas each year. The Commission provides emergency numbers for its staff, which PAWC distributes to all of PAWC's operating areas for inclusion in the PAWC Emergency Response Plans. For those emergencies that warrant communication to the Commission's Emergency Preparedness Liaison Officer ("EPLO"), PAWC has contacted

Commission staff in the past to advise them of situations and actions taken by PAWC. Each year, PAWC conducts emergency response tabletop exercises to test responses to emergency situations, including weather emergencies, slug discharges of industrial wastes into the sewer system, damage to facilities, cyber-attack, and other perils. The Commission's emergency response staff has participated in those exercises each year since 2006. PAWC also invites local first responders to participate, such as fire departments, police departments, hazmat responders, local prison personnel, as well as PADEP and the Governor's Office of Homeland Security personnel.

PAWC has participated in Pennsylvania Water/Wastewater Agency Response Network ("PaWARN") and PEMA-sponsored exercises over the years. PAWC's current relationship with PEMA is through the Commission's EPLO and PaWARN. PAWC is a member in good standing of PaWARN, a mutual aid assistance program for Pennsylvania water and wastewater utilities. In contrast, the Authority is not a member of PaWARN.

In summary, PAWC is better prepared than the Authority in terms of emergency preparedness.

Q. PLEASE DESCRIBE PAWC'S PARTICIPATION IN PENNSYLVANIA'S "ONE CALL" SYSTEM AND THE RESOURCES THAT PAWC DEDICATES TO THE PROGRAM.

A. All of PAWC's operating districts are members of Pennsylvania One Call System Inc. and complete excavator requested mark outs on a daily basis. Each district has a minimum of one person dedicated to completing dig notifications utilizing a third-party internet-based

One Call ticket management system, known as Korweb, that is accessible via vehicle mounted computers for real time response to any PA One Call dig notification.

PAWC has an excellent track record of compliance with the requirements of the "One Call" system. PAWC achieved a 100 percent ticket completion rate in 2024.

Q. WHAT EFFORTS, IF ANY, WILL PAWC UNDERTAKE TO EDUCATE THE AUTHORITY'S CUSTOMERS REGARDING PAWC OWNERSHIP OF THE SYSTEM?

A. As the Transaction is nearing Closing, PAWC plans to produce bill inserts or onserts and/or letters to customers to explain the transition, billing, payment options and other items associated with the change in ownership. PAWC's website will also add content to help educate customers and to address frequently asked questions.

Q. WHAT, IF ANY, CUSTOMER ENHANCEMENTS CAN THE AUTHORITY'S CUSTOMERS EXPECT AS A RESULT OF THE TRANSACTION?

A. PAWC prides itself on providing superior customer service. As part of its commitment to customer service, PAWC offers its customers a number of enhanced services, including extended call center hours, additional bill payment options, enhanced customer information and education programs, and access to PAWC's customer assistance programs.

Q. PLEASE PROVIDE ADDITIONAL DETAIL ON EACH OF THESE CUSTOMER SERVICE ENHANCEMENTS.

A. ***Customer Service***. As discussed above, PAWC's call center is available from 7:00 a.m. to 7:00 p.m., Monday through Friday for routine business and 24/7/365 for emergency situations. Customers dealing with emergency situations can always contact a live customer service representative. Customers can also reach a customer service representative via email at infopa@amwater.com. In addition, PAWC's customers have the ability to manage their account via PAWC's "My H20" online portal. Finally, PAWC offers local field service support 24 hours a day, seven days a week for customer emergencies. All of this means that PAWC is very responsive to its customers and any issues they may have. PAWC will provide the same responsive approach to the Authority's customers once PAWC acquires the System.

In comparison, the Authority's customer service is not as robust as that offered by PAWC. Customers can reach a live representative only during normal business hours and calls after hours must rely on an automated service to transfer the call to a live person or to a recording system to leave a message. The Authority is not staffed 24 hours a day/7 days a week, which increases customer response time after hours, on weekends, and during holidays.

Bill Payment Options. PAWC offers a number of bill payment options. Customers have the option to receive paper bills through the mail or go paperless and receive their bills electronically via the "My H20" on-line portal. Either way, customers can pay their bill by mail, online, or over the phone with a debit or credit card. They can also pay by e-check or an electronic funds transfer (which can be set up at the "My H20" online portal) or pay

in-person at multiple authorized payment locations across the state. The Authority only accepts payments by cash, check, or money order.

Customer Information and Education Programs. PAWC provides extensive customer information and education programs that will be available to the Authority's current customers through brochures, bill inserts, and educational videos posted on PAWC's website. PAWC's customers always have full access to a wide range of topics, including information on preventing sewer overflows, preventing frozen pipes, beneficially re-using residuals from water treatment plants for community gardens, detecting and fixing silent toilet leaks, properly disposing of unused pharmaceuticals to keep them out of the wastewater system, conserving water, installing expansion tanks, obtaining Fire Department Grants, and protecting customers from utility imposters.

Customer Assistance Programs. Finally, as new PAWC customers, the Authority's customers will have access to PAWC's customer assistance program called the "H20 Help to Others Program." For water customers, this program offers two main services: (1) grants of up to $500 per year and (2) a tiered discount on water service charges and water usage charges based on percentage of Federal Poverty Level ("FPL") (Tier 1 customers at 0%-50% of the FPL receive a 90% discount on the water service charge and an 80% discount on water usage charges; Tier 2 customers at 51%-100% of the FPL receive a 75% discount on the water service charge and a 65% discount on water usage charges; Tier 3 customers at 101%-150% of the FPL receive a 60% discount on the water service charge and a 40% discount on water usage charges; and Tier 4 customers at 151%-200% of the FPL receive

a 30% discount on the water service charge and a 20% discount on water usage charges). Additionally, PAWC offers payment arrangements and budget billing to residential customers who qualify for the programs.

PAWC's strong collaboration and coordination with the Pennsylvania Department of Human Services ("DHS"), and its significant customer outreach, have allowed PAWC's customers to enjoy significant benefits from the low-income household water assistance program ("LIHWAP").

In comparison, the Authority has no low-income customer service assistance programs nor any income-based repayment options.

Q. DOES PAWC HAVE A PROGRAM TO PROTECT ITS CUSTOMERS AGAINST UTILITY EMPLOYEE IMPOSTERS?

A. Yes, PAWC has developed communications tools and programs to regularly educate customers about the tactics used by utility employee imposters and what homeowners need to know to protect themselves. The communications vehicles include bill inserts, news releases, social media posts and website information about imposter-related crimes and precautions that customers can take. In addition, PAWC helped form the Keystone Alliance to Stop Utility Imposters, a coalition of water, gas, and electric utilities, along with the Commission, Pennsylvania District Attorneys Association and Pennsylvania Chiefs of Police Association, to launch a public awareness campaign using public service announcements, print materials, posters, and community presentations.

Q. DOES PAWC HAVE AN EMPLOYEE SAFETY PROGRAM?

A. Yes. American Water and PAWC have made safety a value and not just a goal. It is very important to us that every employee and contractor returns home safely every day. We make safety a value instead of a goal because goals change, but values do not change.

Safety performance is fundamental to the Company's culture and key to its success. Employees are expected to conduct themselves in a safe manner, in accordance with PAWC's Health and Safety Policy and with the Health and Safety Procedures and Practices Manual. PAWC establishes, implements, promotes, and manages safety programs, activities and training that enable continued safety improvement, injury reduction and compliance with applicable Federal, State, and local requirements. Safety programs are developed and implemented in accordance with Company policy and applicable practices and include:

- Supporting practices that are developed, reviewed, and updated to provide guidance on safe performance of activities in the workplace and are reflective of changes in organizational, operational, and regulatory needs;

- Strategic and priority development and implementation of safety improvements based on risk analysis of workplaces, work tasks and related potential injuries and incidents;

- Near-miss reporting and corrective action program to identify and remove safety hazards from the workplace;

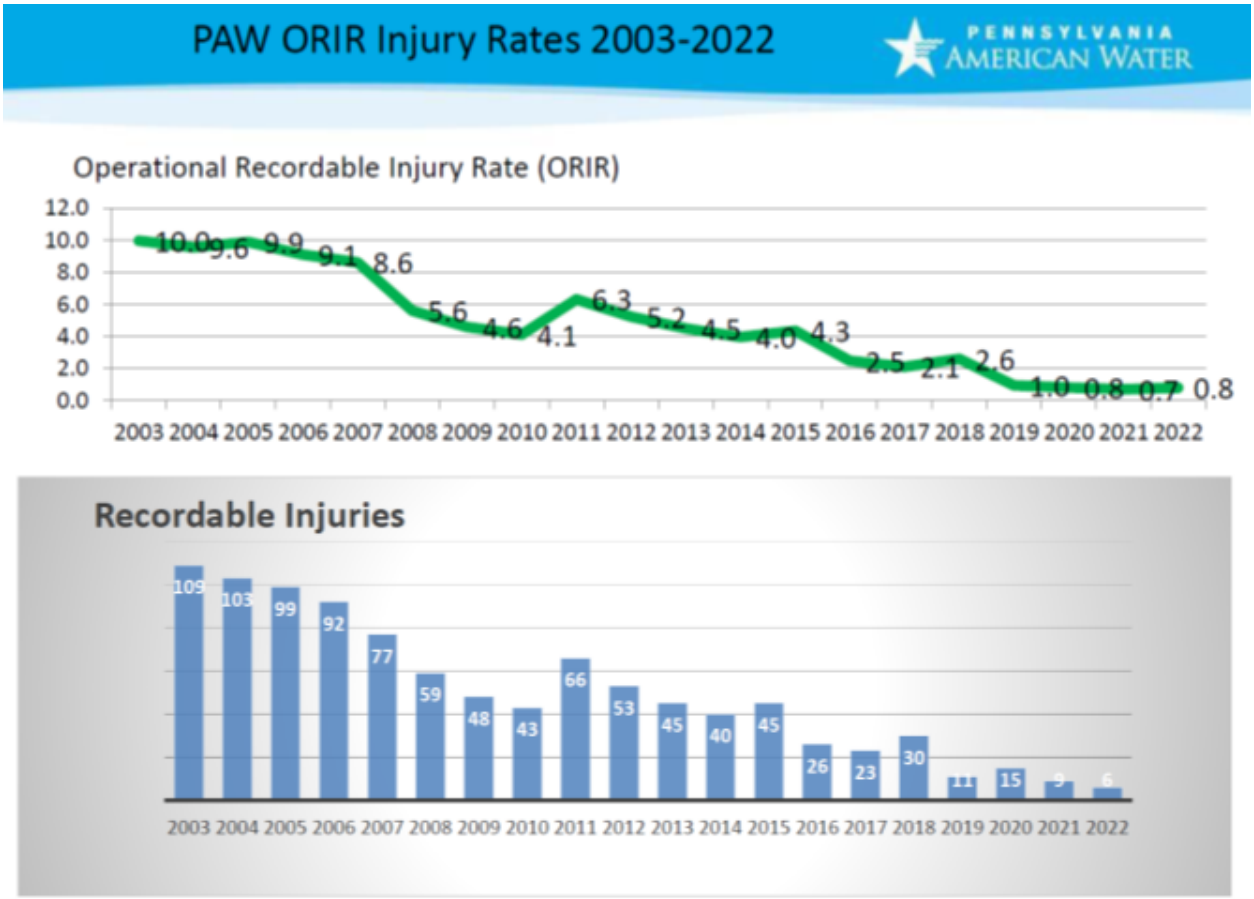
- Development of, and measurement against, specific Company and external safety performance targets and safety accountabilities for all employees;

- Ongoing assessment and review of safety processes, activities and supporting programs (including those related to other Company policies, such as the Workplace Conduct and Behavior Policy) to gauge effectiveness, identify program gaps and pinpoint opportunities for continued improvement;

- Consistency of implementation and compliance with Company and regulatory requirements across the enterprise; and,

- Defined and monitored contractor qualifications and requirements for safety performance in accordance with approved contract documents, applicable laws, and regulations.

PAWC has an excellent safety record. Moreover, PAWC has committed to achieving zero injuries and has made great strides in changing the Company culture to believe that such a target is achievable. Over the last 20 years, PAWC has consistently reduced its number of recordable injuries and corresponding OSHA Recordable Incident Rate, as shown in the figure below:



The Authority does not have a formal safety program.

Q. PLEASE DESCRIBE PAWC'S CUSTOMER DISPUTE RESOLUTION PROCEDURE.

A. I am advised by counsel that PAWC is governed by the Commission's regulations commonly known as Chapter 56, 52 Pa. Code §§ 56.1 *et seq*. The regulations provide the procedures for public utilities to follow with regard to customer billing, collections, payment arrangements, medical certifications, Protection from Abuse Orders, termination of service, reconnection of service, and customer dispute resolution procedures.

PAWC has a customer compliance and advocacy team located in the Mechanicsburg, PA office responsible for ensuring that customer disputes and complaints are resolved in compliance with the Commission's regulations.

Q. CAN YOU BRIEFLY COMPARE PAWC'S TERMINATION PROCESS TO THE AUTHORITY'S TERMINATION PROCESS?

A. Yes. As discussed above, PAWC must comply with the Commission's regulations with regard to customer termination. The Commission's regulations do not apply to the Authority. Instead, the Authority follows the laws that apply to municipal authorities, including the Water Services Act, which do not contain the extensive procedural safeguards that are set forth in the Code and Commission regulations. The Authority's customer dispute process is more informal. When an account becomes past due, the termination process is started with a five-day notice mailed to customer to rectify the issue. If not rectified, a 20-day notice is sent out. If not rectified, the service is terminated. Any disputes would be resolved in an Administrative Hearing.

Q. TO THE BEST OF YOUR KNOWLEDGE, DO THE AUTHORITY'S CUSTOMERS CURRENTLY HAVE A PUBLIC OMBUDSMAN TO REPRESENT THEIR INTERESTS?

A. No.

Q. DO PAWC'S CUSTOMERS HAVE A PUBLIC OMBUDSMAN TO REPRESENT THEIR INTERESTS?

A. Yes. The Office of Consumer Advocate ("OCA") represents residential customers of public utilities; the Office of Small Business Advocate ("OSBA") represents small commercial customers of public utilities; and the Commission's Bureau of Investigation & Enforcement ("I&E") represents the general public interest. Moreover, the Commission, an independent regulatory agency, has regulatory oversight of matters involving public utilities. The Commission and all of the public advocates are funded by regulatory assessments on public utilities.

Q. IS PAWC SUBJECT TO COMMISSION JURISDICTION?

A. Yes. PAWC's service and rates are subject to Commission regulation and oversight. If the Transaction is approved, future rate cases for customers of the Authority will be evaluated by the Commission to ensure that rates are just and reasonable. The PUC also conducts audits of PAWC's operations and reviews PAWC filings. This oversight helps ensure that service is safe and reliable. Authority customers will be protected by the Code and by PAWC's Commission-approved tariff.

Q. IS THE AUTHORITY SUBJECT TO COMMISSION JURISDICTION?

A. I am advised by counsel that it is not. If a customer is dissatisfied with the service or rates of the Authority, the customer must seek redress in a court of common pleas.

CONCLUSION

Q. DO YOU BELIEVE PAWC HAS THE ABILITY TO PROVIDE SAFE, ADEQUATE, AND RELIABLE WATER SERVICE TO THE AUTHORITY'S CUSTOMERS?

A. Yes.

Q. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION WOULD RESULT IN AN AFFIRMATIVE PUBLIC BENEFIT OF A SUBSTANTIAL NATURE?

A. Yes. For the reasons stated in my testimony, PAWC, as the largest investor-owned water and wastewater company in the Commonwealth, will be able to provide an enhanced level of operational expertise and customer service. The Transaction will also improve the System's environmental compliance. Approval of the Transaction would be consistent with the Pennsylvania Constitution, Article I Section 27.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my direct testimony as additional issues and facts arise during the course of the proceeding. Thank you.

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814-279-4710

JED A. FISCUS, P.E.

PROFESSIONAL SUMMARY

16+ years of progressively responsible Water & Wastewater Utility engineering project management and engineering management experience.

6 years of client-focused Consulting Engineering and Design experience.

CORE QUALIFICATIONS

- Experienced in the planning, design and construction of various water and wastewater capital projects including distribution, collection and treatment
- Experienced in conducting due diligence of potential water and wastewater system acquisitions
- In depth knowledge of regulated water and wastewater utility operations
- Thorough knowledge of water and wastewater treatment technologies and compliance challenges
- Well versed on USEPA and PA DEP regulatory requirements

PA AMERICAN WATER EXPERIENCE

DIRECTOR, ENGINEERING PROJECT DELIVERY
2025 - Present

ENGINEERING MANAGER
2021 - 2025

SENIOR PROJECT ENGINEER
2015 – 2021

ENGINEERING PROJECT MANAGER
2008 – 2015

PRIOR EXPERIENCE

PROJECT MANAGER, SWEETLAND ENGINEERING AND ASSOCIATES, INC.
2007-2008
Project manager and design engineer for municipal water and sewer projects. Design engineer for various projects at the Penn State University main campus as well as several land development projects in the State College area. Served as a leader of project teams of designers, drafters, surveyors, and admin staff.

PROJECT MANAGER, NORTHWEST ENGINEERING, INC.
2002-2007
Project manager and design engineer for municipal water and sewer projects and land development projects. Served as a leader of project teams of designers, drafters, surveyors, and admin staff.

EDUCATION	UNIVERSITY OF PITTSBURGH — Pittsburgh, PA — B.S., Civil Engineering —2002 DUQUESNE UNIVERSITY — Pittsburgh, PA —B.A., Physics —2002
REGISTRATIONS & CERTIFICATIONS	REGISTERED PROFESSIONAL ENGINEER, PENNSYLVANIA CERTIFIED WATER & WASTEWATER OPERATOR, PENNSYLVANIA NASSCO CERTIFIED PACP/LACP AND MACP USER (INTERNAL PIPELINE AND MANHOLE INSPECTION)
MEMBERSHIPS	AMERICAN SOCIETY OF CIVIL ENGINEERS

Indian Creek Valley Water Authority - 5 year Capital Plan
8/7/2025

	2026	2027	2028	2029	2030	
IP Level CAPEX	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Production facilities						
Replace Mill Run WTP - Property/Engineering				$ 650,000	$ 650,000	$ 1,300,000
Total Yearly IP CAPEX	**$ -**	**$ -**	**$ -**	**$ 650,000**	**$ 650,000**	**$ 1,300,000**

	2026	2027	2028	2029	2030	
RP Level CAPEX	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
A - Mains - New	$ 636,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 780,000
B - Mains - Replaced / Restored	$ -	$ 360,000	$ 360,000	$ 360,000	$ 360,000	$ 1,440,000
C - Mains - Unscheduled	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000
D - Mains - Relocated	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000
E - Hydrants, Valves, and Manholes - New	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 40,000
F - Hydrants, Valves, and Manholes - Replaced	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 120,000
G - Services and Laterals - New	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 1,125,000
H - Services and Laterals - Replaced	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 100,000
I - Meters - New	$ 22,500	$ 22,500	$ 22,500	$ 22,500	$ 22,500	$ 112,500
J - Meters - Replaced	$ 487,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 517,500
K - ITS Equipment and Systems	$ 47,000	$ 17,000	$ 1,000	$ 1,000	$ 1,000	$ 67,000
L - SCADA Equipment and Systems	$ 500,000	$ 500,000	$ 10,000	$ 10,000	$ 10,000	$ 1,030,000
M - Security Equipment and Systems	$ 225,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 265,000
N - Offices and Operations Centers	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 25,000
O - Vehicles	$ 160,000	$ 100,000	$ -	$ 100,000	$ -	$ 360,000
P - Tools and Equipment	$ 40,000	$ 25,000	$ 25,000	$ 10,000	$ 10,000	$ 110,000
Q - Process Plant Facilities and Equipment	$ 250,000	$ 370,000	$ 446,000	$ 311,000	$ 311,000	$ 1,688,000
R - Capitalized Tank Rehab & Painting		$ 250,000				
S - Planning Study	$ 150,000	$ 120,000	$ -	$ -	$ -	$ 270,000
Total Yearly RP CAPEX	**$ 2,900,000**	**$ 2,200,000**	**$ 1,300,000**	**$ 1,250,000**	**$ 1,150,000**	**$ 8,550,000**
Total Yearly IP and RP CAPEX	**$ 2,900,000**	**$ 2,200,000**	**$ 1,300,000**	**$ 1,900,000**	**$ 1,800,000**	**$ 10,100,000**

***** PWSID = 5260011 | SYSTEM NAME = INDIAN CREEK VALLEY WATER AUTH *****
***** SystemType = COMMUNITY | DEP REGION - SOUTHWEST *****
***** eFACTS SiteID= 263241 *****

Violation Information for Federal Fiscal Years 2021 through 2025

Contaminant ID	Sample Point ID	Violation ID	Violation Type	Sample Type	Violation Awareness Date	Compliance Value	Enforcement Action 1	Enforcement Action 2	Enforcement Action 3	Enforcement Action 4	Enforcement Action 5	Enforcement Action 6	Fiscal Year
ARSENIC (IOC)	101	07752	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
BARIUM (IOC)	101	07753	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
CADMIUM (IOC)	101	07754	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
CHROMIUM (IOC)	101	07755	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
FLUORIDE (IOC)	101	07756	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
MERCURY (IOC)	101	07757	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
NICKEL (IOC)	101	07758	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
SELENIUM (IOC)	101	07759	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
ANTIMONY (IOC)	101	07760	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
BERYLLIUM (IOC)	101	07761	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
THALLIUM (IOC)	101	07762	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
ARSENIC (IOC)	102	07763	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
BARIUM (IOC)	102	07764	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
CADMIUM (IOC)	102	07765	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
CHROMIUM (IOC)	102	07766	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
FLUORIDE (IOC)	102	07767	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
MERCURY (IOC)	102	07768	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
NICKEL (IOC)	102	07769	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
SELENIUM (IOC)	102	07770	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
ANTIMONY (IOC)	102	07771	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
BERYLLIUM (IOC)	102	07772	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
THALLIUM (IOC)	102	07773	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
ARSENIC (IOC)	104	07774	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
BARIUM (IOC)	104	07775	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
CADMIUM (IOC)	104	07776	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
CHROMIUM (IOC)	104	07777	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
FLUORIDE (IOC)	104	07778	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
MERCURY (IOC)	104	07779	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
NICKEL (IOC)	104	07780	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025

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Violation Information for Federal Fiscal Years 2021 through 2025

Contaminant ID	Sample Point ID	Violation ID	Violation Type	Sample Type	Violation Awareness Date	Compliance Value	Enforcement Action 1	Enforcement Action 2	Enforcement Action 3	Enforcement Action 4	Enforcement Action 5	Enforcement Action 6	Fiscal Year
SELENIUM (IOC)	104	07781	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
ANTIMONY (IOC)	104	07782	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
BERYLLIUM (IOC)	104	07783	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
THALLIUM (IOC)	104	07784	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	01/22/2025	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2025
PERFLUOROOCTANESULFONIC ACID	104	16890	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED		04/23/2024	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORTING ERROR	COMPLIANCE ACHIEVED			2024
PERFLUOROOCTANOIC ACID	104	16891	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED		04/23/2024	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORTING ERROR	COMPLIANCE ACHIEVED			2024
ALKALINITY - TOTAL	302	33839	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED		10/24/2024	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2024
OXAMYL (VYDATE) (SOC)	103	01762	FAILURE TO ISSUE TIER 3 PUBLIC NOTIFICATION	ENTRY POINT	11/20/2023	.	COMPLIANCE ACHIEVED	PUBLIC NOTICE ISSUED	VIOLATION NOTICE	PUBLIC NOTICE ISSUED	COMPLIANCE ACHIEVED		2024
CARBOFURAN (SOC)	103	01763	FAILURE TO ISSUE TIER 3 PUBLIC NOTIFICATION	ENTRY POINT	11/20/2023	.	COMPLIANCE ACHIEVED	PUBLIC NOTICE ISSUED	VIOLATION NOTICE	PUBLIC NOTICE ISSUED	COMPLIANCE ACHIEVED		2024
ALKALINITY - TOTAL	302	01764	FAILURE TO ISSUE TIER 3 PUBLIC NOTIFICATION		11/20/2023	.	COMPLIANCE ACHIEVED	PUBLIC NOTICE ISSUED	VIOLATION NOTICE	PUBLIC NOTICE ISSUED	COMPLIANCE ACHIEVED		2024
TOC	302	01765	FAILURE TO ISSUE TIER 3 PUBLIC NOTIFICATION		11/20/2023	.	COMPLIANCE ACHIEVED	PUBLIC NOTICE ISSUED	VIOLATION NOTICE	PUBLIC NOTICE ISSUED	COMPLIANCE ACHIEVED		2024
OXAMYL (VYDATE) (SOC)	103	62365	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	10/20/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
CARBOFURAN (SOC)	103	62366	FAILURE TO MONITOR/REPORT ROUTINE SAMPLES FOR CONTAM. SPECIFIED	ENTRY POINT	10/20/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
CHLORINE		17974	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED	DISTRIBUTION	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
ALKALINITY - TOTAL	302	32638	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED		07/27/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
TOC	302	32640	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED		07/27/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
ALKALINITY - TOTAL	302	63775	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED		10/24/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
ALKALINITY - TOTAL	302	63776	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED		10/24/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
TOC	302	63777	FAILURE TO MONITOR OR REPORT FOR THE D/DBP CONTAMINANT SPECIFIED		10/24/2022	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	COMPLIANCE ACHIEVED				2022
GROUNDWATER RULE	104	17979	FAILURE TO MONITOR/REPORT EP DISINFECTANT RESIDUAL FOR GWR	ENTRY POINT	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
TOC	302	01748	FAILURE TO ISSUE TIER 3 PUBLIC NOTIFICATION		11/23/2021	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2022
CHLORINE		17975	FAILURE TO MONITOR OR REPORT CFE OR DISINFECTION RESIDUAL RESULTS	DISTRIBUTION	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
CHLORINE	101	17977	FAILURE TO MONITOR OR REPORT CFE OR DISINFECTION RESIDUAL RESULTS	ENTRY POINT	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
CHLORINE	102	17978	FAILURE TO MONITOR OR REPORT CFE OR DISINFECTION RESIDUAL RESULTS	ENTRY POINT	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
TURBIDITY	300	17980	FAILURE TO MONITOR OR REPORT CFE OR DISINFECTION RESIDUAL RESULTS	PLANT	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
TURBIDITY	301	17981	FAILURE TO MONITOR OR REPORT CFE OR DISINFECTION RESIDUAL RESULTS	PLANT	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
CHLORINE		17976	R3	DISTRIBUTION	03/24/2022	.	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED					2022
TOC	302	34134	FAILURE TO ISSUE TIER 3 PUBLIC NOTIFICATION		10/21/2021	.	NOTICE OF VIOLATION	PUBLIC NOTICE REQ	REPORT RECEIVED LATE	COMPLIANCE ACHIEVED			2021

Pennsylvania
Department of
Environmental Protection

Jun 16, 2025

NOTICE OF VIOLATION

KERRY WITT
POBOX 486 2019 INDIAN HEAD RD
INDIAN HEAD, PA 15446
Violation ID #: 8237467

Re: Violations Identified During Inspection
INDIAN CREEK VALLEY WATER AUTH
PWS ID No. 5260011
Saltlick Township, Fayette County

Dear Water Supplier:

On Jun 11, 2025, an inspection of the above facility found the following violation(s):

1. Description: FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT

   FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT. System hand doses Sodium Hypo at tank during warmer summer months to maintain an adequate residual. Hand-dosing is not an approved treatment method.

   Citation: 25 PA Code, §109.501

The Department has determined that these violation(s) meet the definition of a significant deficiency or are contributing to a significant deficiency as described in Title 25 Pa. Code § 109.1 of the Department's regulations. Regulatory requirements for responding to a significant deficiency are contained in Title 25 Pa. Code § 109.717.

In order to comply with Title 25 Pa. Code Chapter 109, it is recommended you:

- By Jul 16, 2025: Consult with the Department regarding the appropriate corrective action.
- By Jul 31, 2025: Respond in writing to significant deficiencies, indicating how and on what schedule the system will address significant deficiencies.
- By Oct 14, 2025: Correct all significant deficiencies.
- Notify the Department that a deficiency has been corrected within 30 days of completion of the corrective action.

Any violation of Title 25 Pa. Code 109 could result in further enforcement action, including civil and criminal penalties. Each day the violation continues constitutes a separate offense.

This Notice of Violation is neither an order nor any other final action of the Department of Environmental Protection. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the Department determines that an enforcement action is appropriate, you will be notified of the action.

If you have any questions concerning this matter, please contact me at amanhart@pa.gov or 724-925-5500.

Sincerely,

APRIL MARIE MANHART

Pennsylvania
Department of
Environmental Protection
Southwest Regional Office

July 3, 2025

DELIVERED VIA EMAIL

Indian Creek Valley Water Authority
R. Kerry Witt
2019 Indian Head Road
Indian Head, PA 15446

Re: Violation of the Pennsylvania Safe Drinking Water Act and Regulations
PWSID No. 5260011
Indian Creek Valley Water Authority
Saltlick Township, Fayette County

Dear Mr. Witt:

On May 11, 2025, the Department conducted an inspection of the Indian Creek Valley Water Authority. During this inspection, multiple violations were marked as corrected or abated; however, upon further review it was determined that these violations were marked as resolved in error. As such, the following violations remain unresolved and the Department's records will be corrected accordingly:

1. C1A violation of 25 Pa. Code § 109.602 which noted "the filter plant (referring to the Grimm Spring water treatment plant) is not staffed continuously while the plant is operating and is not equipped with shutdown capabilities; which does not meet the design standards set forth in the Public Water Supply Manual..." Department records indicate that facilities needed to resolve this violation, namely: 1) an automatic valve located after the clearwell; and 2) the proposed 15,000-gallon tank to maintain water pressure and service to all customers should the valve need to close (refer to construction permit 2621507-A1). To date, these devices have not been installed.
2. C1A violation of 25 Pa. Code § 109.602 which noted "incompatible chemicals are not stored, fed and handled separately." This violation is in reference to the Mill Run water treatment plant, which continues to include storage for multiple incompatible chemicals (potassium permanganate, lime, powdered activated carbon, and polyaluminum chloride) within the same room.

If you have any questions concerning this matter, please contact me at 412-442-4209 or johnt@pa.gov.

Sincerely,

John W. Thomas
Environmental Group Manager
Bureau of Safe Drinking Water

Pennsylvania
Department of
Environmental Protection

Jul 10, 2025

NOTICE OF VIOLATION

KERRY WITT
POBOX 486 2019 INDIAN HEAD RD
INDIAN HEAD, PA 15446
Violation ID #: 8240436, 8240437, 8240438, 8240439, 8240441, 8240442

Re: Violations Identified During Inspection
INDIAN CREEK VALLEY WATER AUTH
PWS ID No. 5260011
Saltlick Township, Fayette County

Dear Water Supplier:

On Jul 2, 2025, an inspection of the above facility found the following violation(s):

1. Description: FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT

   FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT. According to Department records the filter media was completely replaced without a permit. To date the Department has not received a permit application.

   Citation: 25 PA Code, §109.501

2. Description: FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT

   FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT. System does not have a true CFE. CFE is currently calculated by taking the mathematical average of the two IFE's. System should contact DEP's technical section to discuss what is required to use a flow-weighted average or to install a CFE turbidimeter.

   Citation: 25 PA Code, §109.501

3. Description: OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES

   The clearwell does not have an alarm for low tank levels. As the system's contact segment, this is required in accordance with 25 Pa Code Chapters 109.602(f) and 109.602(i)(2)(iii).

   Citation: 25 PA Code, §109.4

4. Description: OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES

   OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES. The water system does not implement a filter bed evaluation that is acceptable to the Department, in accordance with 25 Pa. Code Chapter 109.703(b)(5). This violation has been elevated to a significant deficiency due to corrections not being made since its citation.

   Citation: 25 PA Code, §109.4

5. Description: OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES

   OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES. Alarms are not being tested/recorded quarterly. All alarms must be tested and recorded at least quarterly in accordance with 25 Pa Code Chapter 109.703(c)(1).

   Citation: 25 PA Code, §109.4

6. Description: CHRONIC FAILURE TO MONITOR

   CHRONIC FAILURE TO MONITOR. System does not calculate a true CFE. Therefore, the CFE being reported is not adequate. Tier 3 Public Notification is required to be issued and repeated until this violation is properly addressed.

   Citation: 25 PA Code, §109.301

The Department has determined that these violation(s) meet the definition of a significant deficiency or are contributing to a significant deficiency as described in Title 25 Pa. Code § 109.1 of the Department's regulations. Regulatory requirements for responding to a significant deficiency are contained in Title 25 Pa. Code § 109.717.

In order to comply with Title 25 Pa. Code Chapter 109, it is recommended you:

- By Aug 9, 2025: Consult with the Department regarding the appropriate corrective action.
- By Aug 24, 2025: Respond in writing to significant deficiencies, indicating how and on what schedule the system will address significant deficiencies.
- By Nov 7, 2025: Correct all significant deficiencies.
- Notify the Department that a deficiency has been corrected within 30 days of completion of the corrective action.

Any violation of Title 25 Pa. Code 109 could result in further enforcement action, including civil and criminal penalties. Each day the violation continues constitutes a separate offense.

This Notice of Violation is neither an order nor any other final action of the Department of Environmental Protection. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the Department determines that an enforcement action is appropriate, you will be notified of the action.

If you have any questions concerning this matter, please contact me at amanhart@pa.gov or 724-925-5500.

Sincerely,

APRIL MARIE MANHART

3800-FM-WSFR0106 Rev. 2/2006

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

WATER SUPPLY INSPECTION REPORT

FACILITY NAME:	PWS ID NO.:	INSPECTION DATE:
Indian Creek Valley Water Authority	5260011	January 08, 2008
FACILITY LOCATION/ADDRESS: 2068 Indian Head Road / Indian Head, PA 15446	COUNTY: Fayette	MUNICIPALITY: Saltlick Township
RESPONSIBLE OFFICIAL'S NAME: R. Kerry Witt	TELEPHONE NO.: 724-445-2905	
	SYSTEM TYPE: CWS	POPULATION: ~6,500
CERTIFIED OPERATOR'S NAME: R. Kerry Witt / Paul R. Benton	FIELD ORDER NO.: N/A	
	ISSUE DATE (MM/DD/YY): N/A	

VIOLATIONS

A1. Failure to respond to an emergency		C2. Failure to conduct performance monitoring		INSPECTION TIME	
A2. Failure of key treatment processes		C3. Failure to treat as permitted		START:	
A3. Failure to respond to an acute violation		C4. Failure to operate and maintain PWS		STOP:	
B1. Failure to provide an adequate supply		C5. Failure to obtain certified operator			
B2. Failure to provide min. disinfectant residual		C6. Improper interruption/repair		INSPECTION TYPE	
B3. Failure to respond to PMCL/TT violation		C7. Failure to comply with permit condition		FULL	X
B4. Failure to comply with an Order		D1. Reports/Records/Maps		PARTIAL	
B5. Failure to obtain a permit		D2. No operation and maintenance plan		COMPLAINT	
C1. Failure to meet design/construction stds.		E1. Other		FOLLOW-UP	

NARRATIVE:

The Mill Run water plant needs several upgrades including the addition of a rapid mixing unit, replacement of filter media, providing a surface wash unit for filter backwashes, additional clearwell capacity, connection to the SCADA system, and other issues as addressed in the most recent filter plant performance evaluation. Upgrades are also needed for the proper discharge of wastewater.

The chlorine safety equipment at the Mill Run plant is inadequate. There should be at least 2 masks and fresh air cylinders, and the air cylinder that is present expired in 1992. Furthermore, the chlorine room should include a fresh air recharge system.

There is an airlock in the line to filter 3 at the Grimm spring plant that needs to be remedied.

Tracer studies should be conducted on all of the system's clearwells (including the White Mountain Tank).

Calibrate all turbidimeters quarterly (last calibration 10-10-07, therefore recalibration is currently due).

Ensure that all chemicals are meet NSF/ANSI Standard 60 (no listing on sodium hypochlorite containers).

Verify that screens are in place on the overflow lines to all of the system's standpipes (some were missing or damaged).

Greensand filtration with permanganate regeneration is being added to the Neal Run Well treatment plant.

WATER QUALITY SAMPLING POINT LOCATION	SAMPLE NUMBER	pH	CHLORINE F	CHLORINE T	TURBIDITY	OTHER ____	COLLECTION TIME	SAC #
Authority office			0.60	0.66				

Kathy Fullem — RECEIVED BY (SIGNATURE AND DATE)

[signature] 1/8/8 — INVESTIGATOR (SIGNATURE AND DATE)

BKH — SUPV. INITIALS

1676549 — eFACTS INSPECTION ID NO.

N/A — eFACTS VIOLATION ID NO.

YES — PADWIS UPDATED

☐ White - District Office ☒ Yellow - Regional Office ☐ Pink - Public Water Supplier

3900-FM-BSDW0106 6/2013

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

Pg 1 of 5

WATER SUPPLY INSPECTION REPORT

FACILITY NAME	PWS ID NO.	INSPECTION DATE
INDIAN CREEK VALLEY WATER AUTH	5260011	9/29-30 & 10/6/2015
FACILITY LOCATION/ADDRESS	**COUNTY**	**MUNICIPALITY**
2019 INDIAN HEAD RD INDIAN HEAD 15446	FAYETTE	SALTLICK...
RESPONSIBLE OFFICIAL'S NAME	**TELEPHONE NO.** 724	
R. KERRY WITT	**SYSTEM TYPE** CWS	**POPULATION** 8,100
CERTIFIED OPERATOR'S NAME	**FIELD ORDER NO.**	
R. KERRY WITT	**ISSUE DATE (MM/DD/YY)**	

VIOLATIONS

A1.	Failure to respond to an emergency		C1.	Failure to meet design/construction stds.	✓
A2.	Failure of key treatment processes		C2.	Failure to conduct performance monitoring	
A3.	Failure to respond to an acute violation		C3.	Failure to treat as permitted	
B1.	Failure to provide an adequate supply		C4.	Failure to operate and maintain PWS	
B2.	Failure to provide min. disinfectant residual		C5.	Failure to obtain certified operator	
B3.	Failure to respond to PMCL/TT violation		C6.	Improper interruption/repair	
B4.	Failure to comply with an Order		C7.	Failure to comply with permit condition	
B5.	Failure to obtain a permit		D1.	Reports/Records/Maps	
B6.	Other significant deficiencies		E1.	Other	

eFACTS INFO
Insp. ID#: 2414612
Vid. ID#: 736528

INSPECTION TYPE	
FULL	✓
PARTIAL	
COMPLAINT	
FOLLOWUP	

NARRATIVE

C1 – THE MILL RUN WTP DOES NOT MEET CURRENT DESIGN STANDARDS. CURRENT DEFICIENCIES INCLUDE NO WILDLIFE CONTROLS ON THE RESERVOIR, PARTIALLY FLOODED RAW PUMP STATION, NO RAPID MIX SYSTEM, NO SECONDARY CONTAINMENT OF TREATMENT CHEMICALS, CLOSE PROXIMITY OF CHEMICAL FEED POINTS (POSSIBLE INTERACTION), NO JAR TESTING, NON-FLOW PACED CHEMICAL FEED, NON-FUNTIONING CARBON FEED SYSTEM (CURRENTLY MANUALLY FED), NON-DIGITAL pH ANALYSIS EQUIPMENT, NO VARIABLE SPEED MIXING IN FLOC CHAMBER, NO SLUDGE REMOVAL SYSTEM FOR SEDIMENTATION BASIN, NO WILDLIFE CONTROL FOR SEDIMENTATION BASIN, NO SETTLED WATER TURBIDITY MONITORING, NO ROUTINE FILTER EVALUATIONS FOR MEDIA CONDITION/DEPTH/ETC, AGED FILTER MEDIA (1973), EXTENDED BACKWASH INTERVALS (SHOULD BE <72 HRS, WHEN NTU >0.1), NO STANDARD BACKWASH PROCEDURE, NO SURFACE WASH OR AIR SCOUR, MINIMAL FREEBOARD, NO METERS FOR BACKWASH WATER OR INDIVIDUAL FILTER EFFLUENTS, NO NPDES PERMIT FOR DISCHARGE OF WASTEWATER, NO TRACER STUDY OF CLEARWELL, POSSIBLE INSUFFICIENT GIARDIA INACTIVATION IN COLDER SEASON, INSUFFICIENT CLEARWELL VOLUME, DETERIORATED CLEARWELL VENTS, NO SCADA SYSTEM, NON-CALIBRATED METERS, INSUFFICIENT CHLORINE SAFETY EQUIPMENT (LEAK DETECTION, SCBAs, REPAIR KIT NOT AVAILABLE), NON-CALIBRATED CHLORINE SCALE, NO AUTO SWITCHOVER OF CHLORINE CYLINDERS, & NO SMOKE DETECTORS AT THE FACILITY.

109.602-606 & 109.4

WATER QUALITY SAMPLING POINT LOCATION	SAMPLE NUMBER	pH	CHLORINE F	CHLORINE T	TURBIDITY	OTHER ___	COLLECTION TIME	SAC #
OFFICE			0.78				9/29/15 1040	
MILL RUN EP			1.43				9/29/15 1230	
GRIMM EP / PRITTS EP			1.10 / 1.12				9/30/15 0930 / 1045	
NEAL RUN EP / OHIOPYLE TRAIL			1.42 / 0.88		0.16		9/30/15 1130 / 0945 10/6/15	

R Kerry Witt
RECEIVED BY (PRINT NAME)

R Kerry Witt
RECEIVED BY (SIGNATURE AND DATE)

JOHN W THOMAS
INVESTIGATOR (PRINT NAME)

John W Thomas 10/6/15
INVESTIGATOR (SIGNATURE AND DATE)

PV
SUPV. INITIALS

10/13/15
PADWIS UPDATED

☐ White - District Office ☑ Yellow - Regional Office ☐ Pink - Public Water Supplier

3800-FM-WSFR0132 9/2005

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

Narrative Description Form for Water Supply Systems
(Consultation, etc.)

Facility Name: Indian Creek Valley Water Authority	Date: 9/29-30 10/6 2015	PWS No.: 5260011
Address: 2019 Indian Head Rd Indian Head 15446	City, Boro, Twp.: Saltlick	County: Fayette

Item No.

Near Run deficiencies — meters not calibrated, no raw/in-plant monitoring for iron & manganese, no personnel present during backwashes. Also recommend submitting application to revise GWR permit limitations for increased flow.

Pritts/Grimm deficiencies — meters not calibrated, no meters on individual filters, screen to spring overflow damaged (Pritts), sand depth not monitored, filter bed not refilled from below, no tracer studies on clearwell/White Mountain, no declorination on clearwell overflow (Grimm), no automatic shutdown or diversion based upon high turbidity. ~~Recommend [illegible] Turbidity Meters (for entire system, inc. UV)~~

Tank deficiencies — 3 tanks leaking/able to leak (Pleasant Hill - above water level & plans to replace; McClure - at base; 381 - 2 leaks on seam), no mixing systems despite freezing, Cl2 damage on 4 tanks (Clinton, Maple Summit, McClure, Rich Hill overflows damaged; Rich Hill also bulged near middle on few panels), no fence around 3 tanks (Henry, Pleasant Hill, Ohiopyle), 2 tanks need repainted (Ohiopyle & Henry), 2 tanks no sample tap (Ohiopyle, Maple Summit). Additional deficiencies at Ohiopyle include ~~im~~properly secured ladder cage, insufficient roof drainage & plant growth on roof, and no SCADA connection.

Pump station deficiencies — Hatch to Clinton station needs repairs (leaking); non-secured power switches at Normalville, White, Pritts & Maple Summit; not all stations include meters, pressure gauges, & air relief valves; Amp/volt measurements not taken/recorded; pressures not recorded at all PS.

Distribution deficiencies — elevated water loss (~30%), no permit for bulk water connection

Air gaps not present on all turbidimeter/Cl-17 waste lines.

Received By (Signature and Date) — Investigator (Signature and Date) — Supervisor's Initials

Digitally signed by PV
DN: cn=PV, o=PADEP - SWRO - New Stanton DO, ou=Paul Vogel - SDW Program, email=pvogel@pa.gov, c=US
Date: 2015.10.22 09:02:21 -04'00'

☐ White – District Office ☐ Yellow – Regional Office ☐ Pink - Facility ☐ Goldenrod – Central Office

3800-FM-WSFR0132 9/2005

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

Narrative Description Form for Water Supply Systems
(Consultation, etc.)

Facility Name:	Indian Creek Valley Water Auth	Date: 9/29-30/10/6/2015	PWS No.: 5260011
Address:	2019 Indian Head Rd Indian Head 15446	City, Boro, Twp.: Sarltick...	County: Fayette

Item No.	
	Additional generators able to operate pumps/treatment should be provided (1 portable available — 1 permanent at each spring) ↳ to provide power to 2 treatment plants & associated pumps as well as 5 pump stations).
	Operations & Maintenance and Emergency Response Plans should be reviewed/updated annually.
	All facilities should be inspected daily
	Written asset management plan recommended
	All entry points should be properly labelled with appropriate EP numbers.
	Coliform sample site plan should be updated for revised total coliform rule requirements.

Rusty Watt 10/6/15
Received By (Signature and Date)

[signature] 10/6/15
Investigator (Signature and Date)

PV
Supervisor's Initials

Digitally signed by PV
DN: cn=PV, o=PADEP - SWRO - New Stanton DO, ou=Pad Mygd - SDW Program, email=pvogel@pa.gov, c=US
Date: 2015.10.22 09:04:24 -04'00'

☐ White – District Office ☐ Yellow – Regional Office ☐ Pink - Facility ☐ Goldenrod – Central Office

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name	**PWSID No**	**Inspection Date**
INDIAN CREEK VALLEY WATER AUTH	5260011	2019-11-19
Facility Location 2019 INDIAN HEAD RD INDIAN HEAD PA 15446	**County** Fayette	**Municipality** Saltlick
Responsible Officials Name KERRY WITT R.	**Telephone:** (724) 455-2905	
	SystemType: Community	**Population:** 7000
Certified Operator name ----	**Field Order Number:** ----	
	Issue Date(mm/dd/yy): ----	

Person(s) Interviewed

Name: R. KERRY WITT	**Title:** RESPONSIBLE OFFICIAL

eFACTS info

Inspection ID: 2960196	**Inspection Type:** RTPT

Minor Deficiency

2A- TREATMENT PLANT

GENERAL INFORMATION

WTP - 302 - MILL RUN PLANT

The chemical storage containers do not have secondary containment sufficient to hold the volume of the largest tank to prevent accidental discharge in the event of a spill or overflow. This does not meet the design standards set forth in the Public Water Supply Manual.

2B- CONVENTIONAL FILTRATION

PRETREATMENT

WTP - 302 - MILL RUN PLANT

The raw water turbidimeter is not calibrated at least quarterly and/or according to manufactur-

er specified procedures.

2B- CONVENTIONAL FILTRATION

FILTRATION

WTP - 302 - MILL RUN PLANT

The IFE and/or CFE turbidimeters have not been calibrated within the past 90 days using EPA approved primary standards.

2B- CONVENTIONAL FILTRATION

FILTRATION

WTP - 302 - MILL RUN PLANT

There are obvious depressions or mounds of media visible in the filters.

2B- CONVENTIONAL FILTRATION

FILTRATION

WTP - 302 - MILL RUN PLANT

The filter is visibly losing media over the backwash trough during the high rate wash.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Potassium permanganate, hydrated lime, carbon

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

The chemical feed pump plastic tubing is not as short as possible and/or is not stroke-adjustable to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Chemical injection points are not labeled.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

The dry chemical feeders do not completely enclose chemicals to prevent emissions of dust to the operating room, which does not meet the design standards set forth in the Public Water Supply Manual.

2J- CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

There is no automatic chlorine leak detector with an alarm.

2J- CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Automatic switchover equipment is not available for when chlorine gas cylinders expire.

General Comments

Any changes to the plant that are not considered routine maintenance requires the submittal and approval of a permit application. Filter media replacement requires a permit to be submitted to the Department.

PAC should not be hand-dosed by an operator. System should use automated feeder to dose carbon.

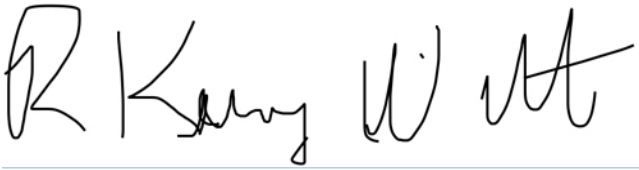
Contact Clean Water about discharging clearwell during chlorine.

No chlorine gas leak alarm seen in chlorine room. Extra canisters not labeled as full or empty.

11/19/2019 meeting Kerry noted expired chlorine packets have been replaced with new packets.

Chemicals stay onsite for use when the plant opens back up.

Signatures

Received by(Print Name): R. KERRY WITT	Received By Signature: 
Investigator (Print Name): SELINA PRETTNER	

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name	PWSID No	Inspection Date
INDIAN CREEK VALLEY WATER AUTH	5260011	2022-06-16

Facility Location	County	Municipality
2019 INDIAN HEAD RD INDIAN HEAD, PA 15446-1100	Fayette	Saltlick

Responsible Officials Name	Telephone: (724) 455-2905	
KERRY WITT	**System Type:** Community	**Population:** 7000
Certified Operator Name	**Field Order Number:** ----	
WITT KERRY R	**Issue Date (mm/dd/yy):** ----	

Person(s) Interviewed

Name: Brent Miller	**Title:** Operator
Name: Kerry Witt	**Title:** Responsible Official

eFACTS info

Inspection ID: 3422352	**Inspection Type** RTNC

Violations

B6A - 25 PA Code, Chapter 109.4

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

OTHER SIGNIFICANT DEFICIENCIES

B6a: Violations exist that are deemed to be a significant deficiency relating to the treatment plant or treatment processes, which is a violation of Title 25 Pa. Code 109.4.

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the treatment plant or treatment processes, which is a violation of Title 25 Pa. Code 109.4.

System hand doses carbon every 15-30 minutes. Hand-dosing is not permitted and was previously noted that it is not permitted on the November 19, 2019.

B6A - 25 PA Code, Chapter 109.4

2E - SLOW SAND FILTRATION

WTP:301 - GRIMM SPRING PLANT

OTHER SIGNIFICANT DEFICIENCIES

B6a: Violations exist that are deemed to be a significant deficiency relating to the slow sand filtration treatment. This is a violation of Title 25 Pa. Code 109.4.

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the slow sand filtration treatment. This is a violation of Title 25 Pa. Code 109.4.

Plant is unable to determine when the CFE turbidities go over 2.0NTU as 2.0 NTU is the highest they can go.

B6F - 25 PA Code, Chapter 109.304(a)

2J - CHLORINE DISINFECTION

WTP:301 - GRIMM SPRING PLANT

CT INFORMATION

B6f: The water system is chronically failing to adhere to approved analytical methods for pH and/or temperature measurements used in calculating the log inactivation, which is a violation of Title 25 Pa. Code 109.304(a).

Remarks: B6f: The water system is chronically failing to adhere to approved analytical methods for pH and/or temperature measurements used in calculating the log inactivation, which is a violation of Title 25 Pa. Code 109.304(a).

System is not measuring pH every day for log inactivation calculations.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Remarks: Incompatible chemicals are not stored, fed and handled separately. This does not meet the design standards set forth in the Public Water Supply Manual.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

The dry chemical feeders do not completely enclose chemicals to prevent emissions of dust to the operating room, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The dry chemical feeders do not completely enclose chemicals to prevent emissions of dust to the operating room, which does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

1A - GROUNDWATER AND GUDI SOURCES

SRC:001 - PRITTS SPRING

SPRINGS

The spring vents, overflow pipe and/or supply intake pipe are not screened, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The spring vents, overflow pipe and/or supply intake pipe are not screened, which does not meet the design standards set forth in the Public Water Supply Manual.

Overflow screen is compromised. This could potentially be a source of the frogs entering the spring house.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

Remarks: Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

There is extra space around the chemical feed tube into the chemical container. This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

The chemical storage tanks do not have secondary containment sufficient to hold the volume of 110% of the largest tank to prevent accidental discharge in the event of a spill or overflow. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical storage tanks do not have secondary containment sufficient to hold the volume of 110% of the largest tank to prevent accidental discharge in the event of a spill or overflow. This does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection report.

C1F - 25 PA Code, Chapter 109.608

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

GENERAL INFORMATION

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

C3E - 25 PA Code, Chapter 109.703(b)(5)

2B - CONVENTIONAL FILTRATION

WTP:302 - MILL RUN PLANT

FILTRATION

Remarks: The water system does not implement a filter bed evaluation that is acceptable to the Department.

C3F - 25 PA Code, Chapter 109.703(c)

8 - SYSTEM MANAGEMENT

DS:001 - SALTLICK TWP

ALARMS & SHUTDOWNS

The alarm and shutdown capabilities are not tested quarterly.

Remarks: The alarm and shutdown capabilities are not tested quarterly.

Alarms are tested but are not recorded.

C4A - 25 PA Code, Chapter 109.4

1A - GROUNDWATER AND GUDI SOURCES

SRC:001 - PRITTS SPRING

SPRINGS

The spring box is not maintained.

Remarks: The spring box is not maintained.

The spring house is cracked and in need of repairs. The structure I has several large cracks in it.

C4A - 25 PA Code, Chapter 109.4

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Chemical injection points are not labeled.

Remarks: Chemical injection points are not labeled.

This was previously noted in the November 19, 2019 inspection.

D1F - 25 PA Code, Chapter 109.703(b)

8 - SYSTEM MANAGEMENT

DS:001 - SALTLICK TWP

FILTRATION RECORDS

Remarks: The water system is failing to maintain records relating to the implementation of their filter bed evaluation program.

D2E - 25 PA Code, Chapter 109.1107(a)(1)

8 - SYSTEM MANAGEMENT

DS:001 - SALTLICK TWP

PLANS, MAPS, AND REPORTS

The water system does not have a Lead and Copper Rule Sample Siting Plan that contains all required elements.

Remarks: The water system does not have a Lead and Copper Rule Sample Siting Plan that contains all required elements.

System lists that they have tier 1 sites, however, no tier 1 sites were sampled according to the lead and copper plan.

D3 - 25 PA Code, Chapter 109.701(i)

6 - MONITORING AND REPORTING

DS:001 - SALTLICK TWP

METHOD 334.0

Remarks: D3: The water system does not report the minimum chlorine reading taken from the on-line analyzer each day. This is a failure to accurately report data and is a violation of Title 25 Pa. Code 109.701(i).

D3 - 25 PA Code, Chapter 109.701(i)

2E - SLOW SAND FILTRATION

WTP:301 - GRIMM SPRING PLANT

FILTRATION

The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

Remarks: The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

They are able to read 0-2.0 NTU

Outstanding Violations

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: Failure to notify DEP of spring house vandalism.

B6A - 25 PA Code, Chapter 109.4

Remarks: Following the vandalism of the locks being cut, it was noticed that the spring house is covered in graffiti and beer cans are covered on the ground

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

The system discovered that the locks on the spring door and hatch were cut on Monday, March 21, 2022, but the incident was not reported to the Department until Tuesday, March 22, 2022.
A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

B6A - 25 PA Code, Chapter 109.4

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

There is evidence that the spring area has been used as a gathering spot as seen by the graffiti on the concrete wall and spring box. There are only 3 locks to protect the spring from vandals, which the incident discovered on March 21, 2022 demonstrated the locks do not deter vandals. This can put the source at risk and should be investigated.
B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

Minor Deficiencies

1A - GROUNDWATER AND GUDI SOURCES

SOURCE WATER QUANTITY

SRC-001-PRITTS SPRING

Remarks: Source valves and/or meters are not maintained.

1A - GROUNDWATER AND GUDI SOURCES

SOURCE WATER QUANTITY

SRC-002-GRIMM SPRING

Remarks: Source valves and/or meters are not maintained.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: The well casing does not extend 18" above the ground surface, which does not meet the design standards set forth in the Public Water Supply Manual.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all raw water cross connections.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: The well is constructed in a pit, which does not meet the design standards set forth in the Public Water Supply Manual.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: The well pit is not visually inspected after heavy rain events to confirm that the pit remains dry.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

The instrumentation measuring flow rates is not calibrated/functioning properly.

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

Meters are not calibrated.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

There is no air gap between the turbidimeter waste line and the drain.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-300-PRITTS SPRING PLANT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

Remarks: Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

The opening used to feed the tubing through is left open.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-300-PRITTS SPRING PLANT

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-300-PRITTS SPRING PLANT

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

Pipes are color-coded but do not have arrows for water flow.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

There is no check valve between the raw water and treated water. This should be addressed in the new plant.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

SOPs have been started, but have not been completed.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

Remarks: Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

The opening used to feed the tubing through is left open.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

The tubing droops for the chemical feed

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-302-MILL RUN PLANT

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-302-MILL RUN PLANT

Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Supplies are ordered.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-302-MILL RUN PLANT

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Sternpac, kmno4,

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

The chemical feed pump does not operate with water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical feed pump does not operate with water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

All chemical feeds are not based on flow.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: The chemical feed rate is not proportional to the water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There is no means to measure water flow in order to determine chemical feed rates, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There are signs of cracks and/or breaks in the dry chemical hopper.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

There are no directional arrows.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Inspect plant to identify and resolve all cross-connections.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

Incompatible chemicals are not stored, fed and handled separately. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Incompatible chemicals are not stored, fed and handled separately. This does not meet the design standards set forth in the Public Water Supply Manual.

Potassium permanganate and sodium hypochlorite are stored together.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Chlorine container does not have a tight-fitting cover where the pump feed line goes in.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Potassium permanganate is not labeled.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

The treatment plant is not clean and/or in good repair.

Remarks: The treatment plant is not clean and/or in good repair.

Floor is very rusted all over.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Safety equipment has been ordered.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Remarks: Cross-connection controls in the treatment plant are not inspected at least annually.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-304-OHIOPYLE PUMP ST

There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

The container is clear to be able to see inside.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-304-OHIOPYLE PUMP ST

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-304-OHIOPYLE PUMP ST

Remarks: The chemical feed rate is not proportional to the water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

2B - CONVENTIONAL FILTRATION

PRETREATMENT

WTP-302-MILL RUN PLANT

Remarks: The plant does not have a plant-specific strategy for determining an appropriate coagulant dosage.

2B - CONVENTIONAL FILTRATION

PRETREATMENT

WTP-302-MILL RUN PLANT

Remarks: Spare parts are not available for the static/rapid mix units.

2B - CONVENTIONAL FILTRATION

FLOCCULATION

WTP-302-MILL RUN PLANT

Flow is not evenly distributed among the flocculation basins and/or is not verified with a calibrated flow meter.

Remarks: Flow is not evenly distributed among the flocculation basins and/or is not verified with a calibrated flow meter.

Not verified with calibrated flow meter.

2B - CONVENTIONAL FILTRATION

SEDEMENTATION/CLARIFICATION

WTP-302-MILL RUN PLANT

Remarks: Flow is not evenly distributed among the sedimentation basins and/or is not verified using a calibrated flow meter. Failure to equally distribute water at uniform velocities does not meet the design standards set forth in the Public Water Supply Manual.

2B - CONVENTIONAL FILTRATION

SEDEMENTATION/CLARIFICATION

WTP-302-MILL RUN PLANT

Remarks: Operators do not have preventative measures in place to prevent waterfowl from using the sedimentation basins.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Remarks: Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Not verified with calibrated flow meters.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Remarks: Operators do not track the length of filter runs for each filter.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Filter effluent flow rater meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rater meters are not calibrated and/or functioning properly.

There are no flow meters located at the filter effluent.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Access to the clearwell is not secured and/or water tight.

Remarks: Access to the clearwell is not secured and/or water tight.

Clearwell was open when inspectors walked into the plant.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Remarks: There are cracks, holes or peeling paint visible inside the clearwell.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

The most recent inspection of the clearwell by the water system identified the need to remove sediment or issues with the structural integrity of the clearwell and these issues have not been corrected.

Remarks: The most recent inspection of the clearwell by the water system identified the need to remove sediment or issues with the structural integrity of the clearwell and these issues have not been corrected.

Sediment buildup in the clearwell.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

Remarks: The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

They are able to read 0-2.0 NTU

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

The plant does not run continuously, which may impacting the plants' ability to form a schmutzdecke and produce properly filtered water.

Remarks: The plant does not run continuously, which may impacting the plants' ability to form a schmutzdecke and produce properly filtered water.

Plant shuts off based on tank levels

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Remarks: Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

There are no flow meters on filter influent.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: The water system does not implement a filter bed evaluation that is acceptable to the Department.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

Remarks: There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

In progress

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Remarks: When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Raw water is used to refill filters.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: Operators scrape the filters during the winter months. This may impact the plants' ability to form a schmutzdecke and produce properly filtered water.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: The date of the last media depth measurement is not known, this information should be indicated on the plant's operating reports or maintenance records.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Filter effluent flow rater meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rater meters are not calibrated and/or functioning properly.

No filter effluent flow meter

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: The water system does not inspect the interior of the clearwell.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Remarks: Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

There are no flow meters for filter influent.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: The water system does not implement a filter bed evaluation that is acceptable to the Department.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

Remarks: There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

An SOP is in progress for this.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Remarks: When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Raw water is used to refill filters.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: Operators scrape the filters during the winter months. This may impact the plants' ability to form a schmutzdecke and produce properly filtered water.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: The date of the last media depth measurement is not known, this information should be indicated on the plant's operating reports or maintenance records.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Filter effluent flow rater meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rater meters are not calibrated and/or functioning properly.

There are no flow meters on filter effluent.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: The water system does not inspect the interior of the clearwell.

2G - CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDA

IRON AND MANGANESE

WTP-303-NEAL RUN WELL PLANT

Filter effluent flow rate meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rate meters are not calibrated and/or functioning properly.

There are no flow meters on filter effluent.

2G - CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDA

IRON AND MANGANESE

WTP-303-NEAL RUN WELL PLANT

Remarks: There is no written standard operating procedure (SOP) outlining criteria for determining when a filter backwash should occur.

2G - CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDA

IRON AND MANGANESE

WTP-303-NEAL RUN WELL PLANT

Remarks: The date of the last iron and manganese filter media replacement is not known, this information should be indicted on the plant's operating reports of maintenance records.

2H - ION EXCHANGE, AERATION AND ACTIVATED CARBON

GRANULAR ACTIVATED CARBON

WTP-302-MILL RUN PLANT

The granular activated carbon units are not operating in accordance with manufacturer specifications.

Remarks: The granular activated carbon units are not operating in accordance with manufacturer specifications.

System is hand-dosing carbon every 15-30 minutes which is not permitted.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-300-PRITTS SPRING PLANT

The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

Remarks: The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

Calibrations are not logged for instrumentation.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-300-PRITTS SPRING PLANT

Flow rate meters used to collect measurements needed to calculate log inactivation are not calibrated and/or functioning properly.

Remarks: Flow rate meters used to collect measurements needed to calculate log inactivation are not calibrated and/or functioning properly.

Flow rate meters are not calibrated.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-300-PRITTS SPRING PLANT

The date of the last flow rate meter calibration is not known for the flow rate meter needed for CT calculations, this information should be indicated on the plant's operating reports or maintenance records.

Remarks: The date of the last flow rate meter calibration is not known for the flow rate meter needed for CT calculations, this information should be indicated on the plant's operating reports or maintenance records.

Flow rate meters are not calibrated. The ones used to calculate Log G are located after disinfection.

2J - CHLORINE DISINFECTION

NONGASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

Remarks: The date of the oldest chlorine product is not known, information specific to chemicals used should be properly documented.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: Flow rate meters used to collect measurements needed to calculate log inactivation are not calibrated and/or functioning properly.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: The date of the last flow rate meter calibration is not known for the flow rate meter needed for CT calculations, this information should be indicated on the plant's operating reports or maintenance records.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There is not a bottle of concentrated ammonium hydroxide available for leak detection in the chlorine room, which does not meet the design standards set forth in the Public Water Supply Manual.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There is no automatic chlorine leak detector with an alarm.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

The water system does not have a safety plan, an onsite self-contained breathing apparatus, and/or a contract with a local HAZMAT response team in case of emergency, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The water system does not have a safety plan, an onsite self-contained breathing apparatus, and/or a contract with a local HAZMAT response team in case of emergency, which does not meet the design standards set forth in the Public Water Supply Manual.

There should be an in-depth plan created. There is no leak detection in the chlorine room.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: Automatic switchover equipment is not available for when chlorine gas cylinders expire.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

There is no written SOP for chlorine gas cylinder change-out.

Remarks: There is no written SOP for chlorine gas cylinder change-out.

An SOP for gas chlorine cylinder change was not located during the inspection. If the system has an SOP in place, send it to the Department.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: A chlorine gas cylinder leak repair kit is not available, which does not meet the design standards set forth in the Public Water Supply Manual.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: The chlorine gas cylinder scales are not maintained and/or are not calibrated.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: The date of the last chlorine gas cylinder scale calibration is not known, this information should be indicated on the plant's operating reports or maintenance records.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-302-MILL RUN PLANT

Remarks: The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-001-SALTLICK TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-001-SALTLICK TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-001-SALTLICK TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-001-SALTLICK TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-001-SALTLICK TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-002-SPRINGFIELD TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-002-SPRINGFIELD TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-002-SPRINGFIELD TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-002-SPRINGFIELD TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-002-SPRINGFIELD TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-003-DONEGAL TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-003-DONEGAL TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-003-DONEGAL TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-003-DONEGAL TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-003-DONEGAL TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-004-BULLSKIN TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-004-BULLSKIN TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-004-BULLSKIN TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-004-BULLSKIN TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-004-BULLSKIN TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-005-CONNELLSVILLE TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-005-CONNELLSVILLE TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-005-CONNELLSVILLE TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-005-CONNELLSVILLE TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-005-CONNELLSVILLE TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-006-STEWART TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-006-STEWART TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-006-STEWART TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-006-STEWART TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-006-STEWART TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-007-OHIOPYLE BOROUGH

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-007-OHIOPYLE BOROUGH

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-007-OHIOPYLE BOROUGH

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-007-OHIOPYLE BOROUGH

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-007-OHIOPYLE BOROUGH

Remarks: The water system receives customer complaints from dead end service areas.

4 - WATER STORAGE

CHLORINE CONTACT OR PRESSURE TANK

ST-001-MILL RUN CLEARWELL

The exterior coating of the storage tank is peeled, cracked, rusted or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted or in need of cleaning.

The clearwell hatch was left open when personnel entered during the inspection.

4 - WATER STORAGE

CHLORINE CONTACT OR PRESSURE TANK

ST-001-MILL RUN CLEARWELL

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all chlorine contact tank cross connections.

4 - WATER STORAGE

GENERAL GROUNDS

ST-002-HENRY STANDPIPE

The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

Remarks: The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

The tank is accessible from the road.

4 - WATER STORAGE

GENERAL GROUNDS

ST-002-HENRY STANDPIPE

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

There is water buildup around the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-002-HENRY STANDPIPE

There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

Remarks: There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

There is graffiti on the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-002-HENRY STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-002-HENRY STANDPIPE

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

There is rusting and graffiti on the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-003-PLEASANT HILL STDP

The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

Remarks: The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

There is an access point to the tank grounds from under the fence, next to the old storage building.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-003-PLEASANT HILL STDP

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

GENERAL GROUNDS

ST-004-CLINTON STANDPIPE

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

There is an active leak that is creating puddles around the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-004-CLINTON STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-004-CLINTON STANDPIPE

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

There is a crack in the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-004-CLINTON STANDPIPE

There is evidence of a structure leak in the storage tank.

Remarks: There is evidence of a structure leak in the storage tank.

There is an active leak.

4 - WATER STORAGE

GENERAL GROUNDS

ST-005-WHITE MOUNTAIN STAND

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Water is pooling near the hillside next to the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-005-WHITE MOUNTAIN STAND

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-005-WHITE MOUNTAIN STAND

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Tank is rusting

4 - WATER STORAGE

STORAGE STRUCTURE

ST-006-COUNTY LINE STANDPIP

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-006-COUNTY LINE STANDPIP

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

In need of cleaning

4 - WATER STORAGE

GENERAL GROUNDS

ST-007-MCCLURE STANDPIPE

Remarks: There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-007-MCCLURE STANDPIPE

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

In need of cleaning

4 - WATER STORAGE

STORAGE STRUCTURE

ST-007-MCCLURE STANDPIPE

Remarks: The storage tank does not have sample taps at the tank's inlet and outlet to allow for sampling of water entering and leaving the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-009-RICH HILL STANDPIPE

Remarks: The overflow discharges are not screened, which does not meet the design standards set forth in the Public Water Supply Manual.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-009-RICH HILL STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-009-RICH HILL STANDPIPE

Remarks: External ladders and/or tank hatches are not locked, which does not meet the design standards set forth in the Public Water Supply Manual.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-010-ROUTE 381 STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-011-MAPLE SUMMIT STANDPI

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-011-MAPLE SUMMIT STANDPI

The interior of the storage structure is not protected from wildlife. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The interior of the storage structure is not protected from wildlife. This does not meet the design standards set forth in the Public Water Supply Manual.

There are holes in the overflow screen that can allow for the potential of wildlife to enter the finished water tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-012-GRIMM SPRING CLEARWL

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

GENERAL GROUNDS

ST-014-OHIOPYLE STANDPIPE

Remarks: The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

4 - WATER STORAGE

GENERAL GROUNDS

ST-014-OHIOPYLE STANDPIPE

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

There is ponding around the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-014-OHIOPYLE STANDPIPE

There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

Remarks: There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

The bottom of the tank all around contains graffiti and there is no fence to prevent trespassing.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-014-OHIOPYLE STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

5 - PUMPS AND CONTROLS

PUMPING STATION

PST-001-MILL RUN LOW SERVICE

The pumping station is not kept clean, orderly, and in good repair.

Remarks: The pumping station is not kept clean, orderly, and in good repair.

There are active leaks into the pump station

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-001-MILL RUN LOW SERVICE

Remarks: The pumping station is not equipped with a discharge pressure gauge. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-001-MILL RUN LOW SERVICE

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-001-MILL RUN LOW SERVICE

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-002-MILL RUN BACKWASH PS

Remarks: The pumping station is not equipped with a discharge pressure gauge. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-002-MILL RUN BACKWASH PS

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-002-MILL RUN BACKWASH PS

Remarks: There are not spare pump parts or a replacement pump of proper capacity on site. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-002-MILL RUN BACKWASH PS

Remarks: Operational records for the pumping facility are not being maintained.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-002-MILL RUN BACKWASH PS

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-003-MILL RUN HIGH SERV

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-003-MILL RUN HIGH SERV

Remarks: There are not spare pump parts or a replacement pump of proper capacity on site. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-003-MILL RUN HIGH SERV

Remarks: Operational records for the pumping facility are not being maintained.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-003-MILL RUN HIGH SERV

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-004-NORMALVILLE PUMP ST

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-005-WHITE PUMP STATION

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-006-NEAL RUN SERVICE PS

Remarks: There is not an air release valve between the source and check valve where the vertical turbine motor-driven pump is being used.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-006-NEAL RUN SERVICE PS

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-007-CLINTON PUMP STATION

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-008-OHIOPYLE PUMP ST

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-009-MAPLE SUMMIT PUMP ST

Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

They are not tested, and there is no air gap on the drain from the air relief valve.

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-010-PRITTS SPRING SERV P

Remarks: There is not an air release valve between the source and check valve where the vertical turbine motor-driven pump is being used.

5 - PUMPS AND CONTROLS

AUXILIARY POWER

PST-010-PRITTS SPRING SERV P

Remarks: Carbon monoxide detectors are not provided where generators are located in the pump station. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-010-PRITTS SPRING SERV P

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-011-NEAL RUN RECYCLING

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-011-NEAL RUN RECYCLING

Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

They are not tested.

6 - MONITORING AND REPORTING

METHOD 334.0

DS-001-SALTLICK TWP

Remarks: There is no documentation for the most recent 12 months to demonstrate that, when available from the manufacturer, secondary standards have been used in accordance with EPA Method 334.0 to verify each handheld or benchtop instrument used for analysis of chlorine for compliance monitoring, comparison gram samples or to obtain results needed to calculate log inactivation.

6 - MONITORING AND REPORTING

METHOD 334.0

DS-001-SALTLICK TWP

There are no cross-connection controls in place between the on-line chlorine analyzer waste line and the drain.

Remarks: There are no cross-connection controls in place between the on-line chlorine analyzer waste line and the drain.

There are no air gaps.

6 - MONITORING AND REPORTING

PERFORMANCE MONITORING

DS-001-SALTLICK TWP

Remarks: The performance monitoring sample taps are not labeled.

8 - SYSTEM MANAGEMENT

FINANCIAL & ASSET MANAGEMENT

DS-001-SALTLICK TWP

Remarks: The water system does not have an Asset Management Plan.

8 - SYSTEM MANAGEMENT

GENERAL MANAGEMENT

DS-001-SALTLICK TWP

Remarks: Customer complaints are not logged.

8 - SYSTEM MANAGEMENT

GENERAL MANAGEMENT

DS-001-SALTLICK TWP

The water system does not conduct an evaluation of the water system annually.

Remarks: The water system does not conduct an evaluation of the water system annually.

A template can be found in the DEPs O&M.

8 - SYSTEM MANAGEMENT

GENERAL MANAGEMENT

DS-001-SALTLICK TWP

The water system is failing to properly disinfect facilities following construction, modification or repair.

Remarks: The water system is failing to properly disinfect facilities following construction, modification or repair.

Coliform samples are not taken after line replacements.

8 - SYSTEM MANAGEMENT

PLANS, MAPS, AND REPORTS

DS-001-SALTLICK TWP

Remarks: The date that the Operation and Maintenance Plan was last updated is not known, this information should be documented on the plan.

Operator Certification

COMMAND AND CONTROL

The standard operating procedures reviewed for completeness at the time of the inspection did not include a list of operators who may use the SOP to make process control decisions.

Remarks: The standard operating procedures reviewed for completeness at the time of the inspection did not include a list of operators who may use the SOP to make process control decisions.

COMMAND AND CONTROL

Standard operating procedures have not been approved by the operator-in-responsible-charge.

Remarks: Standard operating procedures have not been approved by the operator-in-responsible-charge.

COMMAND AND CONTROL

The standard operating procedures reviewed for completeness at the time of the inspection did not include the name of the operator-in-responsible-charge.

Remarks: The standard operating procedures reviewed for completeness at the time of the inspection did not include the name of the operator-in-responsible-charge.

CERTIFIED OPERATOR OVERVIEW

A copy of the available operators' certificate(s) are not displayed at the water system.

Remarks: A copy of the available operators' certificate(s) are not displayed at the water system.

Certificates were available onsite, they just are not displayed yet.

General Comments

Grimm Spring has a generator located inside the plant. It is tested every Monday. There is no carbon monoxide alarm and the ventilation in the room is not functional. The system stated that the plans of a new plant will address these issues. A solution should be in place in the interim to protect employees.

At the Grimm Plant, there is no air gap on the Cl-17 in the plant. The system should investigate if there is an air gap present on that line, or if it is a cross-connection.

Filter 2 at Grimm Spring has white spots dotted on one side. System should investigate what is occurring.

Pritts Spring does not have a way to warn when chlorine supply in the barrel is low. This could create potential continuous disinfection issue.

Pritts Spring Cl-17 waste line does not have an air gap. The sulfuric acid is also expired. Neal Run Well plant sulfuric acid is also expired.

At all plants, system should search for cross-connections to incorporate air gaps and/or check valves where necessary.

System should look into dechlor methods prior to discharges in various situations.

Locks to tank ladders should be inspected by the system and replaced as necessary.

Screen size used on overflows and vents should be 24-mesh per the design standards. All screens should be looked at to ensure they are the correct size.

The system only has 1 portable generator and multiple facilities that rely on the portable generator in case of a power outage. System should create a plan to address complications associated with this and look into solutions.

There are violations deemed significant deficiencies noted in this inspection, specifically the ones noted as B6A and B6F violations.
The following apply to significant deficiencies identified by the Department:

(1) Within 30 days of receiving written notification, the public water supplier shall consult with the Department regarding appropriate corrective actions unless the Department directs the system to implement a specific corrective action.

(2) The public water supplier shall respond in writing to significant deficiencies no later than 45 days after receipt of written notification from the Department, indicating how and on what schedule the system will address significant deficiencies.

(3) Corrective actions shall be completed in accordance with applicable Department plan review processes or other Department guidance or direction, if any, including Department-specified interim measures.

(4) The public water supplier shall correct significant deficiencies identified within 120 days of receiving written notification from the Department, or earlier if directed by the Department, or according to the schedule approved by the Department.

(5) If the Department specifies interim measures for protection of the public health pending Department approval of the corrective action plan and schedule or pending completion of the corrective action plan, the public water supplier shall comply with these interim measures as well as with any schedule specified by the Department.

(6) The public water supplier shall request and obtain approval, in writing, from the Department for any subsequent modifications to a Department-approved corrective action plan and schedule.

Field Samples

Subfacility: PST-008-OHIOPYLE PUMP ST	
Location Description chemical room tap	
Sample Number	**Parameter Result** 1.67
Date Time 06/16/2022 11:17:00 AM	**SAC#/Suite/Description**
Subfacility: PST-008-OHIOPYLE PUMP ST	
Location Description pump station tap	
Sample Number	**Parameter Result** 0.6
Date Time 06/16/2022 11:17:00 AM	**SAC#/Suite/Description**

Signatures

Received by(Print Name): Kerry Witt	**Unable To Receive Signature:** Not present
Investigator (Print Name): Selina Prettner	

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name INDIAN CREEK VALLEY WATER AUTH	**PWSID No** 5260011	**Inspection Date** 2022-04-12
Facility Location 2019 INDIAN HEAD RD INDIAN HEAD, PA 15446-1100	**County** Fayette	**Municipality** Saltlick
Responsible Officials Name KERRY WITT	**Telephone:** (724) 455-2905	
	SystemType: Community	**Population:** 7000
Certified Operator name ----	**Field Order Number:** ----	
	Issue Date(mm/dd/yy): ----	

Person(s) Interviewed

Name: KERRY WITT	**Title:** RESPONSIBLE OFFICIAL
Name: KOLBY	**Title:** OPERATOR

eFACTS info

Inspection ID: 3346182	**Inspection Type:** WSEME

A3 - 25 PA Code, Chapter 109.701(a)(3)

1A - GROUNDWATER AND GUDI SOURCES

SRC - 001 - PRITTS SPRING

OTHER SIGNIFICANT DEFICIENCIES

A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

Remarks: A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

The system discovered that the locks on the spring door and hatch were cut on Monday, March 21, 2022, but the incident was not reported to the Department until Tuesday, March 22, 2022.

B6A - 25 PA Code, Chapter 109.4

1A - GROUNDWATER AND GUDI SOURCES

SRC - 001 - PRITTS SPRING

OTHER SIGNIFICANT DEFICIENCIES

B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

There is evidence that the spring area has been used as a gathering spot as seen by the graffiti on the concrete wall and spring box. There are only 3 locks to protect the spring from vandals, which the incident discovered on March 21, 2022 demonstrated the locks do not deter vandals. This can put the source at risk and should be investigated.

Minor Deficiency

1A- GROUNDWATER AND GUDI SOURCES

SPRINGS

SRC - 001 - PRITTS SPRING

The spring box is not maintained.

Remarks: The spring box is not maintained. There were live and dead frogs as well as crickets in the spring house.

General Comments

The Pritts Spring was vandalized, initiating emergency sampling by the Department.

Two locks were cut and the top hatch lock was smashed but still locked. This was discovered by the system personnel on Monday, March 21, 2022 and the Department was notified on Tuesday, March 22, 2022, which did not meet the 1-hr notification requirement.
The wall and springhouse are covered in graffiti and beer cans are strewn around the ground. The system should look into security measures to protect the source from vandalism. Failure to protect the source combined with an act of vandalism is considered a significant deficiency by the Department.

The following apply to significant deficiencies identified by the Department:

(1) Within 30 days of receiving written notification, the public water supplier shall consult with the Department regarding appropriate corrective actions unless the Department directs the system to implement a specific corrective action.

(2) The public water supplier shall respond in writing to significant deficiencies no later than 45 days after receipt of written notification from the Department, indicating how and on what schedule the system will address significant deficiencies.

(3) Corrective actions shall be completed in accordance with applicable Department plan review processes or other Department guidance or direction, if any, including Department-specified interim measures.

(4) The public water supplier shall correct significant deficiencies identified within 120 days of receiving written notification from the Department, or earlier if directed by the Department, or according to the schedule approved by the Department.

(5) If the Department specifies interim measures for protection of the public health pending Department ap-

proval of the corrective action plan and schedule or pending completion of the corrective action plan, the public water supplier shall comply with these interim measures as well as with any schedule specified by the Department.

(6) The public water supplier shall request and obtain approval, in writing, from the Department for any subsequent modifications to a Department-approved corrective action plan and schedule.

Signatures

Received by(Print Name): KERRY WITT	Unable To Receive Signature: Not present
Investigator (Print Name): SELINA PRETTNER	

May 27, 2022

NOTICE OF VIOLATION

CERTIFIED MAIL NO. 7020 2450 0001 5246 5069

Indian Creek Valley Water Authority
R. Kerry Witt
P.O. Box 486
Indian Head, PA 15446

Re: Indian Creek Valley Water Authority
PWSID No. 5260011
Saltlick Township, Fayette County

Dear R. Kerry Witt:

On April 13, 2022, an inspection of the above facility found the following violations:

1. (a) The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source.
   (b) Title 25 Pa. Code 109.701(a)(3).

2. (a) Violations exist that are deemed to be a significant deficiency relating to the source.
   (b) Title 25 Pa. Code 109.4.

The Department has determined that this violation meets the definition of a **significant deficiency** as described in Title 25 Pa. Code Section 109.1 of the Department's regulations. Regulatory requirements for responding to a significant deficiency at a public water system are contained in Title 25 Pa. Code Section 109.717. In order to comply with Title 25 Pa. Code Section 109.717, it is recommended you:

- Consult with the Department regarding the appropriate corrective action for any significant deficiency **within 30 days** of the date of the inspection report.
- Respond in writing to significant deficiencies **within 45 days** of the date of the inspection report, indicating how and on what schedule the system will address significant deficiencies.
- Correct all significant deficiencies **within 120 days** of the date of the inspection report.
- Notify the Department that a significant deficiency has been corrected **within 30 days** of completion of the corrective action.

Any violation of Title 25 Pa. Code 109.4, Title 25 Pa. Code 109.701(a)(3), or Title 25 Pa. Code Section 109.717 could result in further enforcement action, including civil and criminal penalties. Each day the violation continues constitutes a separate offense.

This Notice of Violation is neither an order nor any other final action of the Department of Environmental Protection. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the Department determines that an enforcement action is appropriate, you will be notified of the action.

If you have any questions concerning this matter, please contact me by e-mail at sprettner@pa.gov or by telephone at 724.925.5407.

Sincerely,



Selina Prettner
Sanitarian
Safe Drinking Water Program

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name	PWSID No	Inspection Date
INDIAN CREEK VALLEY WATER AUTH	5260011	2022-05-10

Facility Location	County	Municipality
2019 INDIAN HEAD RD INDIAN HEAD, PA 15446-1100	Fayette	Saltlick

Responsible Officials Name	Telephone: (724) 455-2905	
KERRY WITT	**System Type:** Community	**Population:** 7000
Certified Operator Name	**Field Order Number:** ----	
WITT KERRY R	**Issue Date (mm/dd/yy):** ----	

Person(s) Interviewed

Name: Kerry Witt	**Title:** Responsible Official

eFACTS info

Inspection ID: 3360029	**Inspection Type** FUI

Outstanding Violations

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: Failure to notify DEP of spring house vandalism.

B6A - 25 PA Code, Chapter 109.4

Remarks: Following the vandalism of the locks being cut, it was noticed that the spring house is covered in graffiti and beer cans are covered on the ground

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

The system discovered that the locks on the spring door and hatch were cut on Monday, March 21, 2022, but the incident was not reported to the Department until Tuesday, March 22, 2022.
A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

B6A - 25 PA Code, Chapter 109.4

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

There is evidence that the spring area has been used as a gathering spot as seen by the graffiti on the concrete wall and spring box. There are only 3 locks to protect the spring from vandals, which the incident discovered on March 21, 2022 demonstrated the locks do not deter vandals. This can put the source at risk and should be investigated.
B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

General Comments

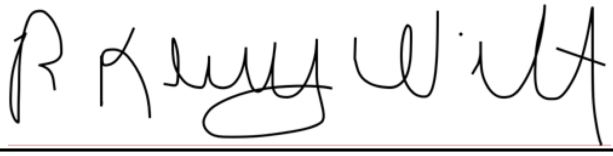
This is a follow-up inspection following a second vandalism/break in at the Pritts springhouse discovered on Monday, May 9, 2022. Indian Creek Valley Water Authority staff noticed that the locks on the door were cut to the springhouse, but did not notice any further vandalism than that.
The tap in the springhouse was running when ICVWA staff checked on the source and there is new graffiti on the wall and springhouse.

System has ordered metal caps to protect the locks on the springhouse.

Signage was posted on the roadside stating that the area is a water source area and should be protected. The garbage noted in the last inspection was cleaned up.

Signatures

Signatures

Received by(Print Name):	Received by Signature:
Kerry Witt	
Investigator (Print Name):	
Selina Prettner	

3800-FM-WSFR0007 Rev. 8/2008

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

FIELD ORDER

(PLEASE PRINT AND PRESS FIRMLY)

SYSTEM NAME	PWS ID No.	CASE NUMBER
Indian Creek Valley Water Authority	5260011	22-52-1627-034

LOCATION	MUNICIPALITY	COUNTY
2019 Indian Head Road, Indian Head, PA 15446	Saltlick Township	Fayette

PERSON TO WHOM ORDER IS DIRECTED	TELEPHONE NUMBER
Indian Creek Valley Water Authority	(724) 455-9205

MAILING ADDRESS
2019 Indian Head Road, Indian Head, PA 15446

NAME AND TITLE OF PERSON SERVED	DATE ORDER SERVED
Brent Miller, Maintenance Superintendent	May 9, 2022

The Commonwealth of Pennsylvania, the Department of Environmental Protection ("Department"), has made the following Findings of Fact:

1. The Department is the agency with authority to administer and enforce the Pennsylvania Safe Drinking Water Act, the Act of May 1, 1984, P.L. 206, No. 43, 35 P.S. §§721.1-721.19 ("SDWA"), and Section 1917-A of the Administrative Code, the Act of April 9, 1929, P.L. 177, as amended, 71 P.S. §510-17, and the regulations of the Environmental Quality Board adopted pursuant thereto.
2. The person named above to whom this order is directed ("Recipient") owns and/or operates a public water system at the location identified above.
3. The undersigned authorized representative of the Department conducted an inspection of the public water system identified above on May 9, 2022.
4. The operation of this water system with the violation(s) identified in this Order is a violation of the Sections of the Department's regulations cited herein and the SWDA and constitutes a public nuisance under Section 12 of the SDWA, 35 P.S. §721.12.
5. Section 13 of the SDWA, 35 P.S. §721.13, provides that the Department may assess a civil penalty of up to Five Thousand Dollars ($5,000.00) per day for each violation of the SDWA.

Description of Violation:

The public water supplier failed to adequately protect the facility's Pritts Spring source and failed to take whatever investigative or corrective action is necessary to assure that safe and potable water is continuously suppled to the users. The source's lock was cut off by vandals, permitting unauthorized access to the spring. This also occurred on or about April 13, 2022 and was cited as a significant deficiency at that time.

Location of Violation:

Pritts Spring (source 001)

Provisions of Regulation, Statute or Permit Violated:

25 Pa. Code §§ 109.4(1), 109.4(4)

☐ White – Water Supplier ☐ Yellow – District Office ☐ Pink – Litigation ☐ Goldenrod – Central Office

3800-FM-WSFR0007 Rev. 8/2008

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

FIELD ORDER *(continuation)*

(PLEASE PRINT AND PRESS FIRMLY)

SYSTEM NAME	PWS ID No.	CASE NUMBER
Indian Creek Valley Water Authority	5260011	22-52-1627-034

Pursuant to Sections 5, 10 and 12 of the SDWA, 35 P.S. §§721.5, 721.10 and 721.12; and Section 1917-A of the Administrative Code of 1929, 71 P.S. §510-17, it is hereby ordered that the owner shall perform the corrective actions listed below within the designated time.

Corrective Action/Abatement Schedule Required:

1. Within twenty-four (24) hours from the receipt of this Field Order, the public water supplier shall collect samples for all regulated primary and secondary inorganic chemicals (IOCs), synthetic organic chemicals (SOCs) and volatile synthetic organic chemicals (VOCs) pursuant to 25 Pa. Code §§ 109.302(b) and 109.303. These samples sets shall be taken for both the untreated Pritts Spring source water and at the Pritts Spring Entry Point.
2. Within twenty-four (24) hours from the receipt of this Field Order, the public water supplier shall collect a sample for total coliform bacteria at the Pritts Spring Entry Point pursuant to 25 Pa. Code §§ 109.302(b) and 109.303.
3. Within twenty-four (24) hours from the receipt of this Field Order, all samples collected in accordance with this Field Order shall be sent to and analyzed by a laboratory which is appropriately accredited by the Commonwealth of Pennsylvania for each contaminant analyzed. The public water supplier shall request expedited analysis by the accredited laboratory(-ies).
4. The public water supplier shall provide all sample results to the Department within 1-hour of obtaining these results from the accredited laboratory(-ies).
5. Within 7 days from the receipt of this Field Order, the public water supplier shall submit a written response to DEP describing the cause of the problem and proposed corrective actions that the public water supplier will take to prevent the problem from occurring in the future.
6. All submissions in accordance with this Field Order shall be sent via email to ra-epswsdw@pa.gov and johnt@pa.gov.

NOTICE OF APPEAL RIGHTS

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 7514, and the Administrative Agency Law, 2 Pa. C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717-787-3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800-654-5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in Braille or on audiotape from the Secretary to the Board at 717-787-3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD AT 717-787-3483 FOR MORE INFORMATION.

The undersigned person hereby acknowledges receipt of this order and any attachment(s) hereto. This signature does not constitute an acknowledgement that any or all of the violations listed above have occurred or continue to occur.

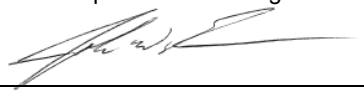
Received by: Emailed to Brent Miller at bwmiller@icvwater.org.

Department Representative (Name & Title - Please Print)

John W. Thomas, Environmental Group Mgr.

Telephone Number: (412) 442-4209

Department Representative's Signature:



☐ White – Water Supplier ☐ Yellow – District Office ☐ Pink – Litigation ☐ Goldenrod – Central Office

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, Jed A. Fiscus, P.E., hereby state that the facts set forth in PAWC Statement No. 2 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: November 3, 2025

Jed A. Fiscus, P.E.
Director, Engineering Project Delivery for
Western Pennsylvania
Pennsylvania-American Water Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

REBUTTAL TESTIMONY OF
JED A FISCUS, P.E. ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: June 10, 2026 PAWC Statement No. 2-R

REBUTTAL TESTIMONY OF
JED A. FISCUS

INTRODUCTION

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is Jed A. Fiscus, P.E., and my business address is 425 Waterworks Road, Clarion, PA 16214.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC") as Director, Engineering Project Delivery for Western Pennsylvania.

Q. HAVE YOU SUBMITTED ANY OTHER TESTIMONY IN THIS PROCEEDING?

A. Yes. I submitted Direct Testimony, PAWC Statement No. 2 and Amended PAWC Statement No. 2 dated November 3, 2025.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I will respond to portions of the Direct Testimony of LeeAnn Wise on behalf of the Office of Consumer Advocate ("OCA").

Q. ON PAGE 12 OF HER DIRECT TESTIMONY, MS. WISE CHARACTERIZES THE IMPROVEMENTS NEEDED IN THE SYSTEM AS "STANDARD IMPROVEMENTS". PLEASE COMMENT.

A. This is an extreme, bordering on irresponsible, understatement of the Authority's current situation and its precarious record of deferred maintenance and environmental non-compliance. In my professional opinion, "standard improvements" for a water system would be the routine replacement of aging plant equipment or distribution assets that are reaching the end of their useful life. The term would not include critical improvements needed to achieve compliance with long-standing environmental regulations or to protect customers from unsafe drinking water.

In my Direct Testimony, pages 10-11, I discuss the ongoing non-compliance at the Authority's Grimm Spring treatment facility since 2019 and the Authority's lack of action to make the necessary improvements to ensure that this facility is producing safe drinking water. On pages 14-15 of my Direct Testimony, I address the many deficiencies at the Mill Run treatment plant that have been cited by the Pennsylvania Department of Environmental Protection ("PADEP") for nearly two decades, with no meaningful actions taken by the Authority to rehabilitate or replace this early 1970s-vintage facility. These are not standard improvement needs; they are critical upgrades needed to achieve compliance with current regulations designed to protect the safety of public drinking water, and yet they continue to be deferred by the Authority.

Q. IN HER SUMMARY ON PAGE 4 OF HER DIRECT TESTIMONY, MS. WISE STATES THAT THE AUTHORITY IS TAKING APPROPRIATE ACTIONS TO ADDRESS THEIR COMPLIANCE CHALLENGES. DO YOU AGREE?

A. No, I do not. It is actually quite the opposite. The Authority's lack of action and propensity to defer maintenance and investment in their water system has created the compliance challenges they are currently facing.

Q. ON PAGE 26 OF HER DIRECT TESTIMONY, MS. WISE STATES THAT THERE IS NO INDICATION THAT THE AUTHORITY IS NOT ADHERING TO ITS CORRECTIVE ACTION PLAN. IS THIS TRUE?

A. No. The Authority remains out of compliance with the corrective actions required by PADEP. The corrective actions stem from inspections made by PADEP in May-July of last year, as described on pages 8-10 of my Direct Testimony, and Notices of Violations issued by PADEP thereto, copies of which were provided in PAWC Exhibit JAF-5 of my Direct Testimony. Because the Authority is not in compliance with the corrective actions, PADEP has informed PAWC that they will require PAWC to enter into a Consent Order and Agreement ("COA") that would go into effect upon closing of the acquisition. PAWC and PADEP met to discuss the provisions of the COA, first on February 12, 2026, and then again on May 21, 2026. After the February 12, 2026 meeting, Ms. Renee Diehl, Water Supply Program Manager for the PADEP's Southwest Regional Office provided an email summarizing the outstanding violations needing corrective actions, a copy of which is provided in PAWC Exhibit JAF-1R. During the May 21, 2026, meeting, Ms. Diehl stated that, by the end of June 2026, PADEP plans to deliver a draft COA to PAWC that addresses these outstanding corrective actions with stipulated deadlines.

Q. ON PAGES 25-26 OF HER DIRECT TESTIMONY, MS. WISE FURTHER STATES THE AUTHORITY IS PROVIDING ADEQUATE, EFFICIENT, SAFE AND REASONABLE SERVICE TO ITS CUSTOMERS. DO YOU AGREE?

A. I do not. As described on pages 8-12 and PAWC Exhibits JAF-4 and JAF-5 of my Direct Testimony, the Authority has received at least 60 violations from PADEP in the approximately 4-year period from October 21, 2021 to July 2, 2025. One of their main production facilities, the Grimm Spring treatment plant, lacks the critical alarms and shutdowns required to ensure that only safe drinking water exits the plant and enters the distribution system for customers to consume. Another main production facility, the Mill Run water treatment plant, has a long list of design deficiencies cited by PADEP in the record that have never been addressed by the Authority. Recently, as identified in PAWC's May 13, 2026, Supplemental Response to Question 5, OCA Set 3 (attached as PAWC Exhibit JAF-2R), that same Mill Run water treatment plant was cited by PADEP for having filter media that was installed without first obtaining a permit from PADEP and fails to conform with the design standards set forth in Part II of the PADEP's Public Water Supply Manual. These are not characteristics of a water system that is providing adequate, efficient, safe and reasonable water service to its customers.

Furthermore, the Authority itself admits that it does not have the financial, technical or managerial resources necessary to make the large investments and complete the complex projects needed for the system (see Authority responses to Questions 10-11, OCA Set 2, attached as PAWC Exhibit JAF-3R). In its response to Question 11, the Authority states that there is no succession plan to replace its General Manager, Kerry Witt, who is nearing retirement. Even under Mr. Witt's long tenure, the Authority has not been able to complete

the critical projects to upgrade the Grimm Spring treatment plant or rehabilitate/replace the obsolete Mill Run treatment plant. As a Professional Engineer who has designed and executed several large infrastructure projects like these, even if the Authority had access to funding under PENNVEST or other public funding programs as Ms. Wise suggests, based on their track record I do not believe the Authority has or will have the technical and managerial resources to make critical improvements in the future. Even if the Authority hired a consulting engineer to fill the gap upon Mr. Witt's retirement and manage delivery of these large capital projects, the use of a consulting engineer is an expensive and short-term solution at best. It is inefficient in the long-term and does not build the institutional knowledge needed to properly manage this Authority into the future. PAWC can immediately deliver the technical and managerial resources needed to get this system into compliance and efficiently manage the system indefinitely into the future.

Q. ON PAGES 10-11 AND 25-26 OF HER DIRECT TESTIMONY, MS. WISE CITES PAWC'S $10 MILLION CAPITAL INVESTMENT PLAN AND PROCEEDS TO MAKE FINANCIAL CALCULATIONS AND CONCLUSIONS BASED ON THIS FIGURE. PLEASE COMMENT.

A. It is important to understand that the $10 million capital improvement figure covers only the first 5 years after the anticipated closing date of this acquisition. In OCA-3-5_Attachment of PAWC's response to OCA Set 3 (attached as PAWC Exhibit-JAF-4R), we identified the projects that make up the $10 million investment. Included are critical regulatory projects such as the Grimm Spring improvements mentioned above, the Mt. Tabor water main tie-in to resolve pressure complaints, water main replacements to reduce

leakage and non-revenue water, completion of meter replacements throughout the system, security upgrades, Grimm and Pritts Spring flow monitoring projects required under their PADEP Water Allocation Permits, and rehabilitation of the Ohiopyle storage tank to address PADEP violations, as well as other recurring capital improvement needs.

Not included, however, are most of the costs that will be needed to replace the obsolete Mill Run water treatment plant, as they are projected to occur outside the 5-year planning window. PAWC has included only approximately $0.5 million in source of supply studies and potential property research/acquisition for this project in the 5-year plan. If this acquisition were not to occur, the Authority would be solely responsible for making the large investment to rehabilitate or replace the plant. Ms. Wise does not account for this large investment in her calculation of a projected future rate for the Authority, nor other increasing annual costs anticipated by the Authority. Therefore, her projected future rate increase of $21.18 under Authority ownership on page 10 of her Direct Testimony is unrealistically low. ICVWA Witness Kerry Witt provides a realistic projected future rate increase of $85.90 in his Rebuttal Testimony.

Q. ON PAGE 13 OF HER DIRECT TESTIMONY, MS. WISE STATES THAT "PAWC WITNESS MR. FISCUS IS NOT CORRECT THAT PAWC'S LOW-INCOME PROGRAM WILL PROVIDE ASSISTANCE TO ALL LOW-INCOME CUSTOMERS". PLEASE COMMENT.

A. This statement is misleading. On page 24 of my Direct Testimony, I stated that "... as new PAWC customers, the Authority's customers will have access to PAWC's customer assistance program called the "H20 Help to Others Program."

Q. ON PAGE 37 OF HER DIRECT TESTIMONY, MS. WISE RECOMMENDS THAT PAWC FILE AN AMENDED LONG TERM INFRASTRUCTURE IMPROVEMENT PLAN ("LTIIP") WITH THE COMMISSION WITHIN NINETY DAYS OF CLOSING ON THE TRANSACTION. DO YOU AGREE WITH HER RECOMMENDATION?

A. No. As stated in PAWC Witness Tracy Baer's Direct Testimony, the Authority's customers will not be charged the Distribution System Improvement Charge ("DSIC") prior to the sooner of the first revision of PAWC's LTIIP after Closing or the effective date of PAWC's next Commission-approved base rate increase. This timing is consistent with the Commission's 2019 Final Implementation Order and there is no basis for imposing further restrictions on PAWC's discretion to amend its existing LTIIP and charge a DSIC to the newly acquired customers.

Q. ON PAGE 37 OF HER DIRECT TESTIMONY, MS. WISE ADDITIONALLY RECOMMENDS THAT PAWC COMMIT TO NOT RE-PRIORITIZE ANY ALREADY COMMITTED CAPITAL IMPROVEMENTS FOR EXISTING CUSTOMERS. DO YOU AGREE WITH THIS RECOMMENDATION?

A. No. PAWC will amend its LTIIP consistent with the Commission's Regulations and reserve its managerial discretion to modify the projected projects based on operational priorities for all customers at such time.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

Daniel J Hufton

From: Diehl, Renee (DEP) <rediehl@pa.gov>
Sent: Thursday, February 12, 2026 1:14 PM
To: Daniel J Hufton
Subject: DEP violations

CAUTION: This Message Is from an External Email Address
Verify the sender before responding or opening links or attachments.
Report Suspicious

7/10/2025	B5A	No CFE permit (uses average of two filters) No CFE turbs or flow meters
7/10/2025	B5A	Media rep w/o permit
7/10/2025	B5A	Media completely rep w/o permit (2019)
7/10/2025	B6A	Fail to test alarms
7/10/2025	B6A	Inadequate filter bed evaluation
7/10/2025	B6A	No clear-well level low/high alarm
6/16/2025	B6A	Hand-dosing carbon
7/10/2025	B8A	Incorrect CFE reporting
11/2/2022	C1A	Unmanned w/o shutdowns
6/16/2022	C1A	Incompatible chemicals stored/fed together
7/10/2025	C4A	Leaks in pipe gallery
6/16/2025	C4A	Failure to inspect tank (Pleasant Hill)
6/16/2025	C4A	Failure to inspect tank (Ohiopyle)

**Pennsylvania-American Water Company's Responses to
Interrogatories of the Office of Consumer Advocate, Set 3
In re: 1329 Application of Pennsylvania-American Water Company
for the Transfer, by Sale, of the Indian Creek Valley Water Authority
Docket No. A-2025- 3055741**

5. Quantify expected expenditures for capital improvements PAWC plans to make to the system once acquired, over the next 5 years.

Response: PAWC's 5-year capital improvement plan for this acquisition was originally included in testimony by PAWC Witness Jed A. Fiscus, P.E., refer to Appendix A-14-a, Exhibit JAF-2 of our application to the PUC.

We have updated that plan based on new information obtained to date. Refer to **OCA-3-5_Attachment**. The major change to the plan is the addition of the Grimm Spring alarms and shutdown improvements project described in detail in Mr. Fiscus's testimony. The Authority has tabled their plans to complete this project before the closing of the acquisition. Therefore, PAWC expects this project to be included in the post-acquisition Consent Order and Agreement (COA) to be executed with PADEP and has reprioritized funding in the original plan to now include this project in years 1-2.

Supplemental Response 5/13/2026:

Another developing compliance issue with PADEP may require further amendment of the 5-year capital improvement plan prior to closing this acquisition. In 2017, the Authority replaced the media in each of the filters at the Mill Run Water Treatment Plant without first obtaining a permit. PADEP brought this deficiency to the Authority's attention in 2019 See **Appendix A-14-a - PAWC Statement No. 2 - Fiscus Direct, PAWC Exhibit JAF-5, Page 7 of 66.** The Authority took no action on this directive from PADEP. On July 20, 2025, PADEP issued a Notice of Violation ("NOV") to the Authority citing several violations, one of which was the 2017 replacement of the Mill Run filter media without obtaining a permit See **Appendix A-14-a - PAWC Statement No. 2 - Fiscus Direct, PAWC Exhibit JAF-4 Page 4 of 6.**

The Authority submitted a permit application to PADEP on February 11, 2026, to obtain approval of the filter media replacement after the fact. PADEP issued a Technical Deficiency Letter to the Authority on May 7, 2026. See **OCA-3-5_Supplemental Attachment.** PADEP has determined that, in 2017, the Authority installed filter media that does not conform with the design standards set forth in Part II of the PADEP's Public Water Supply Manual (PWSM PT II, 2006). In the letter, PADEP states that "...the Department cannot approve the installation of out-of-specification filter media. The filters, as currently configured, do not meet Departmental standards." PADEP has verbally notified PAWC that they cannot issue an Operations Permit for the filter media installed by the Authority in 2017 and currently in place at the facility. PADEP further advised PAWC that should the Authority not remedy the out-of-specification filter media before closing of the acquisition, PADEP will make replacement of the filter media with material meeting PADEP specifications a condition of the COA to be executed prior to closing the acquisition.

Responsible Witness: Jed A. Fiscus, P.E., Director, Engineering Project Delivery
Pennsylvania-American Water Company

Pennsylvania
Department of
Environmental Protection

Southwest Regional Office

May 7, 2026

R. Kerry Wit, Manager
Indian Creek Valley Water Authority
2019 Indian Head Road
Indian Head, PA 15446

Re: Technical Deficiency Letter
Public Water Supply Application No. 2626513MA
Mill Run Filter Media Replacement
Indian Creek Valley Water Authority
Public Water Supply ID 5260011
Springfield Township
Fayette County

Dear Mr. Witt:

The Department of Environmental Protection (DEP) has reviewed the above referenced application and has identified the following significant technical deficiencies. The deficiencies are based on applicable laws and regulations, and the guidance sets forth the Department's preferred means of satisfying the applicable regulatory requirements.

Technical Deficiencies

1. Section 109.602(b) of the regulations 25 Pa. Code § 109.602(b) states "Design of public water facilities shall conform to accepted standards of engineering and design in the water supply industry and shall provide protection from failures of source, treatment, equipment, structures, or power supply." These design standards are set in in the Department's *Public Water Supply Manual*. Section 109.602(c) of the regulations 25 Pa. Code § 109.602(c) states, "The Department's *Public Water Supply Manual* sets forth design standards which the Department finds to be acceptable designs. Other designs may be approved by the Department if the applicant demonstrates the alternate design is capable of providing an adequate and reliable quantity and quality of water to the public." The following items do not conform with the design standards set forth in Part II of the Department's *Public Water Supply Manual* (PWSM PT II, 2006):

a. Page 84 of Part II of the PWSM states, "Filter media shall be clean, free from clay, dust, micaceous material, organic matter and detrimental chemical or bacterial contaminants and have the following characteristics:.. A minimum of 12 inches of media with an effective size range no greater than 0.45 to 0.55 mm, and a specific gravity greater than other filtering materials within the filter." Page 85 of the same manual states, "When [anthracite is] used alone, the effective size shall be in the range of 0.45 mm to 0.55 mm with a uniformity coefficient not greater than 1.65."

The permit application states that the media (anthracite) installed was purchased with an effective size ranging from 0.65 mm to 0.75 mm, and a later media size grain distribution

report resulted in effective media sizes of 0.68 mm in Filter No. 1 and 0.78 mm in Filter No. 2. Therefore, the effective size of the media was out of specification when installed, and continues to be out of specification. This is not discussed in the application's Design Engineer's Report.

Note, the Department cannot approve the installation of out-of-specification filter media. The filters, as currently configured, do not meet Departmental standards.

The applicant should reach out to the Department's Safe Drinking Water Program Technical Service Section to discuss possible solutions to the above listed deficiency. See contact information below.

You must submit a response fully addressing each of the significant technical deficiencies set forth above within 30 calendar days from the date of this letter or DEP may return the application. If you believe that any of the stated deficiencies is not significant, instead of submitting a response to that deficiency, you have the option of asking DEP to make a decision based on the information with regard to the subject matter of that deficiency that you have already made available. If you choose this option with regard to any deficiency, you should explain and justify how your current submission satisfies that deficiency. Please keep in mind that if you fail to respond, your application may be returned.

Should you have any questions regarding the identified deficiencies, please contact Zachary Morley at 412.442.4301 or by email at zmorley@pa.gov to discuss your concerns or to schedule a meeting. The meeting must be scheduled within the 30-calendar day period allotted for your reply, unless otherwise extended by DEP.

Sincerely,

Zachary Morley

Zachary Morley, EIT
Environmental Engineer
Safe Drinking Water Program
Southwest Regional Office

Timothy McClelland

Timothy R. McClelland, P.E.
Environmental Engineer Manager
Safe Drinking Water Program
Southwest Regional Office

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

VERIFICATION

I, Jed A. Fiscus, hereby state that the facts set forth in the foregoing Supplemental Response to Data Request Set 3 from the Office of Consumer Advocates dated April 20, 2026, specifically Question 5, and attachments, if any, are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: May 14, 2026

Jed A. Fiscus, P.E.
Director, Engineering Project Delivery
Pennsylvania-American Water Company

Pennsylvania-American Water Company and Indian Creek Valley Water Authority's Responses to Interrogatories of the Office of Consumer Advocate, Set 2
In re: 1329 Application of Pennsylvania-American Water Company for the Transfer, by Sale, of the Indian Creek Valley Water Authority
Docket No. A-2025- 3055741

9. Has the Indian Creek Water Authority completed any projects necessary to upgrade or maintain the sewer system since the negotiation of the sale of the system to PAWC? If so, please provide a narrative of each project.

Response: Yes, the Water Authority has completed or is working to complete the following projects in recent years: 1) Added the 214,000 gallon Clinton Sister Water Tank in Saltlick Township, Fayette County (2025); 2) Added 7,600 l.f. of water distribution main and 24 residential customers along Harris Road in Saltlick and Springfield Townships, Fayette County (2025); 3) Adding a 178,000 gallon Ohiopyle Sister Water Tank in Stewart Township, Fayette County (2026); 4) Adding 7,800 l.f. of water distribution main and 20 residential customers along Hopewell Road in Saltlick Township, Fayette County (2026); 5) Adding 5,400 l.f. of water distribution main and 18 residential customers along Pine Slopes Road in Saltlick Township, Fayette County (2026); 6) From 2024 through to 2026, the Authority has budgeted over $1,100,000 to upgrade our Supervisory Control and Data Acquisition (SCADA) equipment.

Responsible Witness: Kerry Witt, General Manager
Indian Creek Valley Water Authority

Pennsylvania-American Water Company and Indian Creek Valley Water Authority's Responses to Interrogatories of the Office of Consumer Advocate, Set 2
In re: 1329 Application of Pennsylvania-American Water Company for the Transfer, by Sale, of the Indian Creek Valley Water Authority
Docket No. A-2025- 3055741

10. Have any projects to upgrade or maintain the sewer system been paused or stopped since the negation of the sale of the system to PAWC? If so, why?

Response: Yes, five projects have been tabled by the Authority's Board of Directors due to overall funding concerns since the negotiations of the system sale began: 1) the Bulk Water Fill Station Project; 2) Major rehabilitation of our Mill Run Treatment Plant; 3) the Fowl Hill Water Line Replacement Project; 4) the Mason, Stewarton, Baptist Church Road Water Line Extension Project; and 5) the Water Allocation/Treatment Plant Project along the Yough River in Ohiopyle Pennsylvania. Additionally, the Authority's Grimm Spring has been the subject of recent Notices of Violation and will require extensive financial resources to resume compliant service. The Authority does not have the direct ability to fund these projects and anticipates the capital funding available to PAWC will enable one or more of these projects, and similar distribution and/or capacity-expending projects, to be completed.

Responsible Witness: Kerry Witt, General Manager
Indian Creek Valley Water Authority

OCA-3-5_Attachment
Indian Creek Valley Water Authority Acquisition- 5 year Capital Plan

	2027	2028	2029	203	2031			Standards Being Achieved		
IP Level CAPEX	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Basis for Project	PUC	DEP	AW
Grimm Spring Shutdown & CT Project	$ 250,000	$ 1,750,000	$ -	$ -	$ -	$ 2,000,000	Addresses DEP NOV citing violation of 25 Pa. Code § 109.602, noting the Grimm Spring water treatment plant is not staffed continuously while the plant is operating and is not equipped with shutdown capabilities, which does not meet the design standards in the Public Water Supply Manual. Project will be included in post-acquisition COA with PADEP.		X	
Replace Mill Run WTP - Property/Engineering	$ -	$ -	$ -	$ -	$ 300,000	$ 300,000	Addresses the poor condition and inadequate design of the Mill Run WTP that was built in the early 1970's and has not undergone any substantial upgrades to maintain compliance with evolving water quality regulations. The Plant has been given a "Needs Improvement" assessment by PADEP in two successive FPPE's.		X	
Total Yearly IP CAPEX	$ 250,000	$ 1,750,000	$ -	$ -	$ 300,000	$ 2,300,000				

	2026	2027	2028	2029	2030			Standards Being Achieved		
RP Level CAPEX	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Basis for Project	PUC	DEP	AW
A - Mains - New	$ 636,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 780,000	Year 1 project is the Mt. Tabor tie-in needed to improve pressure for high elevation customers. Years 2-5 are unidentified small main extensions.	X	X	
B - Mains - Replaced / Restored	$ -	$ 360,000	$ 360,000	$ 360,000	$ 360,000	$ 1,440,000	Proactive water main asset replacements or renewals to reduce leakage and/or improve customer service.	X	X	
C - Mains - Unscheduled	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000	Unidentified water main replacements due to breaks.	X	X	
D - Mains - Relocated	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000	Unidentified water main relocations due to PennDOT or local road projects.	X	X	
E - Hydrants, Valves, and Manholes - New	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 40,000	Unidentified new valves or hydrants for improved distribution system performance.	X	X	
F - Hydrants, Valves, and Manholes - Replaced	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 120,000	Unidentified replacement of failed valves or hydrants to maintain distribution system performance.	X	X	
G - Services and Laterals - New	$ 37,500	$ 37,500	$ 37,500	$ 37,500	$ 37,500	$ 187,500	Unidentified new services for new customer connections on existing water mains.	X	X	
H - Services and Laterals - Replaced	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 100,000	Unidentified replacement of failed services to maintain customer service.	X	X	
I - Meters - New	$ 22,500	$ 22,500	$ 22,500	$ 22,500	$ 22,500	$ 112,500	Unidentified new meters for new customer connections on existing water mains.	X	X	
J - Meters - Replaced	$ 487,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 517,500	Authority has changed 75% of meters in last 5 years; replace remaining 25% in year 1. Years 2-5 are unidentified replacements due to meter failures.	X	X	
K - ITS Equipment and Systems	$ 47,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 51,000	Year 1 project is to establish PAW IT network. Years 2-5 are unidentified replacements due to failures/upgrades.			X
L - SCADA Equipment and Systems	$ 500,000	$ 500,000	$ 10,000	$ 10,000	$ 10,000	$ 1,030,000	Years 1-2 project is to establish PAW SCADA network. Years 3-5 are unidentified replacements due to failures/upgrades.		X	X
M - Security Equipment and Systems	$ 225,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 265,000	Year 1 project is to add fencing, badge access and security cameras. Years 2-5 are unidentified replacements due to failures/upgrades.	X	X	X
N - Offices and Operations Centers	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 25,000	Unidentified improvements to Authority's office equipment due to failures/upgrades			X
O - Vehicles	$ 160,000	$ 100,000	$ -	$ 100,000	$ -	$ 360,000	Year 1 project is to purchase a valve turning truck. Yeard 2 and 4 projects are to replace aged pick up trucks.	X	X	X
P - Tools and Equipment	$ 40,000	$ 25,000	$ 25,000	$ 10,000	$ 10,000	$ 110,000	Years 1-3 projects are for critical safety equipment and ergonomic improvements. Years 4-5 are unidentified replacements due to failures/upgrades.	X	X	X
Q - Process Plant Facilities and Equipment	$ 250,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 1,650,000	Year 1 project is to establish flow monitoring at Grimm and Pritts springs, per PADEP Water Allocation Permit. Years 2-5 are unidentified replacements of plant process equipment (electrical, motors, pumps, valves, analyzers, instrumentation, filter media, chemical feed systems, safety features, etc.) due to failures/upgrades.		X	
R - Capitalized Tank Rehab & Painting	$ -	$ 250,000	$ -	$ -	$ -	$ 250,000	Year 2 project is to rehab inside/outside of the Ohiopyle storage tank to address deficiencies cited in PADEP inspection dated 6/11/25.		X	
S - Planning Study	$ 150,000	$ 120,000	$ -	$ -	$ -	$ 270,000	Years 1-2 project is to conduct a Source of Supply study to identify potential water sources to replace the Mill Run water treatment plant.		X	
Total Yearly RP CAPEX	$ 2,712,500	$ 1,976,500	$ 1,016,500	$ 1,101,500	$ 1,001,500	$ 7,808,500				
Total Yearly IP and RP CAPEX	$ 2,962,500	$ 3,726,500	$ 1,016,500	$ 1,101,500	$ 1,301,500	$ 10,108,500				

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

VERIFICATION

I, Jed A. Fiscus, P.E., hereby state that the facts set forth in my Rebuttal Testimony, PAWC Statement No. 2-R, and accompanying exhibits, if any, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: June 10, 2026

Jed A. Fiscus, P.E.
Director, Engineering Project Delivery -
Western Pennsylvania
Pennsylvania-American Water Company

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 its water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, *et al.*

DIRECT TESTIMONY OF
DR. CHRISTINA E. CHARD ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: November 3, 2025 PAWC Statement No. 3

DIRECT TESTIMONY OF
DR. CHRISTINA E. CHARD

INTRODUCTION

Q. WHAT IS YOUR NAME AND ADDRESS?

A. My name is Christina Chard; my address is 1600 Pennsylvania Ave, Charleston WV 25302.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Water Works Service Company, Inc. (the "Service Company") as the Senior Director of Rates and Regulatory for Pennsylvania-American Water Company ("PAWC" or "the Company"). The Service Company is a wholly owned subsidiary of American Water Works Company, Inc. ("American Water") that provides services to PAWC and its affiliates.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I hold a doctorate degree in Executive Leadership, a Master's degree in Forensic Accounting, and a Bachelor of Science Degree in Mathematics from the University of Charleston. I have also completed the National Association of Regulatory Utility Commissioners' utility ratemaking course and as of 2025 am serving as a coach/instructor for the course. I have served in progressively responsible state rates and regulatory support roles with American Water since 2018. Please see Appendix A to this testimony for additional details of my professional experience.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION (THE "COMMISSION" OR "PUC")?

A. Yes. I prepared and provided testimony in PAWC's 2020 base rate case at Docket No. R-2020-3019369. In addition, I have testified in numerous acquisition cases, surcharge mechanism cases, the 2018 federal tax change investigation, and base rate cases before the West Virginia Public Service Commission on behalf of another American Water subsidiary, West Virginia-American Water. I also testified in an acquisition rulemaking case before the Tennessee Public Utility Commission.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony first addresses the financial fitness of PAWC to acquire and operate the water system ("System") currently owned by Indian Creek Valley Water Authority (the "Authority"), which PAWC has agreed to purchase (the "Transaction"). Second, my testimony addresses: (a) the identification of ratemaking rate base as required in 66 Pa. C.S § 1329 for PAWC's acquisition of the System; (b) an overview of the rate provisions contained in the Asset Purchase Agreement ("APA") for PAWC's acquisition of the System; (c) the customer notices associated with the Transaction; (d) a description of PAWC's low-income programs; (e) an estimate of the range of transaction and closing costs incurred by PAWC; (f) a statement regarding PAWC's intentions with respect to accrual of certain post-acquisition improvement costs and deferral of related depreciation; (g) cost of service study in future rate cases; and, (h) the authentication of certain Application appendices.

PAWC'S FINANCIAL FITNESS

Q. PLEASE DISCUSS PAWC'S FINANCIAL FITNESS.

A. PAWC is the Commonwealth's largest water and wastewater provider, with total assets of $7.9 billion and annual revenues of $1.04 billion for 2024. For 2024, PAWC had operating income of approximately $498 million and net income of approximately $314 million. These operating results produced cash flows from operations of approximately $615 million. Given its size, access to capital and its recognized strengths in system planning, capital budgeting and construction management, PAWC is well-positioned from a financial, managerial and technical perspective to ensure that high quality water and wastewater service meeting all federal and state requirements is provided to the System's customers and maintained for PAWC's existing customers.

Q. PLEASE DISCUSS PAWC'S OVERALL FINANCIAL FITNESS AND ACCESS TO CAPITAL TO ACQUIRE THE AUTHORITY'S SYSTEM.

A. PAWC has strong operating cash flows and net income and, therefore, a strong balance sheet. PAWC's strong operating and financial performance allows it to obtain competitive interest rates for long-term debt financing and access to equity investments from its parent company. PAWC is a financially-sound business that can financially support the acquisition of the Systems as well as the ongoing operating and investment commitments that will be required to operate, maintain and improve those assets in serving the public.

Line of Credit

PAWC presently has liquidity through a $495 million line of credit through American Water Capital Corp. ("AWCC"), a wholly owned subsidiary of American Water. PAWC's strong credit ratings allow PAWC to obtain additional capacity on this line of credit.

Long Term Debt Financing

PAWC carries a corporate credit rating of "A3" from Moody's Investors Services and an "A" rating from Standard and Poor's Rating Services. PAWC obtains long-term debt financing through AWCC at favorable interest rates and payment terms. When applicable, PAWC also uses low-cost financing through the Pennsylvania Infrastructure Investment Authority ("PENNVEST") and the Pennsylvania Economic Development Financing Authority ("PEDFA").

Equity Investments

PAWC may obtain additional equity investments through American Water based on its strong operating performance.

Q. PLEASE EXPLAIN HOW PAWC INTENDS TO FUND THE TRANSACTION.

A. PAWC will initially fund the Transaction with short-term debt and will later replace it with a combination of long-term debt and equity capital.

Q. WHAT IMPACT, IF ANY, DO YOU ANTICIPATE THAT THE ACQUISITION OF THE SYSTEM WILL HAVE ON PAWC'S CORPORATE CREDIT RATINGS?

A. As stated above, PAWC does not anticipate that the acquisition of the System will have a significant impact on its credit ratings.

Q. DO YOU ANTICIPATE THE TRANSACTION HARMING PAWC'S FINANCIAL STATUS IN ANY MANNER?

A. No. PAWC does not anticipate that the acquisition of the System will have a negative impact on PAWC's cash flows, credit ratings or access to capital and, therefore, will not deteriorate in any manner PAWC's ability to continue to provide safe, adequate, and reasonable service to its existing customers at just and reasonable rates.

FAIR MARKET VALUE RATEMAKING RATE BASE

Q. PLEASE STATE THE RATE BASE REQUESTED IN THE APPLICATION PURSUANT TO 66 PA. C.S § 1329.

A. The negotiated purchase price for the acquired assets is $32,800,000 and the average of the appraisals of the buyer's Utility Valuation Expert ("UVE") and the seller's UVE is $39,737,303. Accordingly, the negotiated purchase price of $32,800,000 is the fair market value for ratemaking purposes under Section 1329 (*i.e.* the lower of the negotiated purchase price and the average of the UVEs' appraisals). The fair market value as determined by the Section 1329 process, in addition to the transaction and closing costs described below, becomes part of PAWC's rate base for ratemaking purposes. Note, however, that PAWC reserves its right in future proceedings to make rate base claims related to the acquisition as may otherwise be permitted under the Pennsylvania Public Utility Code ("Code").

Q. PLEASE SUMMARIZE HOW THE COMPANY PROPOSES TO RECORD THE TRANSACTION.

A. As shown on **Appendix A-15-f**, the Company seeks approval to record the $32,800,000 net value of the assets on its books. The Company requests to record the acquisition on a net basis consistent with generally accepted accounting principles, which advise that property, plant and equipment acquired in a business combination intended to be held and used should be recognized and measured at fair value, and that the accumulated depreciation of the acquiree is not carried forward in a business combination (*i.e.*, net presentation).[1] Permitting PAWC to use this accounting treatment for the assets would be consistent with the Commission's decision in *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 the Transfer, by Sale, to Pennsylvania-American Water Company, of Substantially All of the Assets, Properties and Rights Related to the Wastewater Collection and Treatment System Owned by the York City Sewer Authority and Operated by the City of York*, Docket Nos. A-2021-3024681 *et al.* (Final Order entered April 14, 2022) ¶ 3(h) and *Application of Pennsylvania-American Water Company, pursuant to 66 Pa. C.S. §§ 1102 and 1329 for Approval of the Acquisition of the Butler Area Sewer Authority,* Docket No. A-2022-3037047 (Order entered November 16, 2023) ¶ 14.

Section 1329(c) provides that the "ratemaking rate base" is to be incorporated into PAWC's rate base. As discussed above, the Company requests the Commission approve

[1] ASC 805-20 *Business Combinations – Identifiable Assets and Liabilities, and any Noncontrolling Interest* and ASC 820-10-30 *Fair Value Measurement – Initial Measurement*.

$32,800,000 as the ratemaking rate base for the System.[2] Since Section 1329 does not address the proper accounting treatment of the rate base or approval of a depreciation reserve in determining the ratemaking rate base, the Company believes that recording $32,800,000, on a net basis, is appropriate and consistent with Section 1329.

ASSET PURCHASE AGREEMENT RATE PROVISIONS

Q. PLEASE PROVIDE AN OVERVIEW OF THE RATE PROVISIONS OF THE APA.

A. Section 6.7 of the APA contains provisions related to rates. PAWC has committed to adopt, upon closing of the Transaction ("Closing"), the Authority's monthly base rates. These rates are shown on Schedule 6.7 to the APA.

The initial rates to be applicable to the former Authority water customers are set forth in the *pro forma* tariff supplement attached as **Appendix A-12** to the Application. System customers will be governed by rates for new Indian Creek Rate water "XX." After Closing, System customers will be subject to PAWC's prevailing water tariff on file with the Commission with respect to all fees, including reconnection fees, late payment fees (penalties) and the like, as well as non-rate related terms and conditions of service.

Q. WHAT IMPACT, IF ANY, WILL THERE BE ON THE RATES OF THE AUTHORITY'S CUSTOMERS AS A RESULT OF THE ACQUISITION OF THE SYSTEM?

A. There will be no immediate impact on the rates of the Authority's customers because PAWC has committed to adopt, upon Closing, the Authority's rates in effect at the time of

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

Closing. PAWC expects to propose to move the Authority's rates toward consolidated rates in future base rate cases.[3]

Q. WHAT IMPACT, IF ANY, WILL THERE BE ON THE RATES OF PAWC'S CURRENT CUSTOMERS AS A RESULT OF THE ACQUISITION OF THE SYSTEM?

A. There will be no immediate impact on the rates of PAWC's current customers. PAWC expects to include the Authority's water system in PAWC's future base rate filings. Any impacts on the rates of PAWC's existing customers would occur only after a Commission decision in a base rate proceeding. A non-binding estimate of possible rate impacts for existing customers is shown in **Appendix A-18-d** and discussed in the Customer Notice section below. The Authority's customers, as part of PAWC's overall customer base, will become part of PAWC's overall cost allocation. Nothing contained in the APA would bind the Commission or other interested parties in future ratemaking proceedings.

Q. DOES PAWC SEEK THE AUTHORITY TO CHARGE NON-BASE RATES PRIOR TO THE FIRST PAWC BASE RATE CASE IN WHICH THE SYSTEM IS INCLUDED?

A. Yes. PAWC is requesting authority from the Commission to approve collection of a distribution system improvement charge ("DSIC") related to the System in the future, prior to the first base rate case in which the System plant-in-service is incorporated into rate

[3] Section 6.7 of the APA provides that the base rates effective at the time of acquisition "shall remain in place until the effective date of new rates approved by the PUC as the result of a base rate case proceeding before the PUC ('New Rates')" and that "New Rates shall be just and reasonable and consistent with PUC ratemaking principles."

base. PAWC would not begin charging a DSIC until the eligible System plant is approved by the Commission in an amendment to PAWC's Long Term Infrastructure Improvement Plan for water.

CUSTOMER NOTICE AND POTENTIAL RATE IMPACT

Q. IS PAWC PROVIDING NOTICE TO CUSTOMERS OF THE ACQUISITION?

A. Yes. PAWC is providing notice of the acquisition to existing PAWC water customers as well as to the Authority's water customers. The notices to PAWC water customers and Authority water customers are attached to the Application as **Appendix A-18-d**. These notices contain a non-binding estimate of the potential rate impact of the acquisition.

Q. HOW WERE THE ESTIMATES OF POTENTIAL RATE IMPACTS CALCULATED FOR THE NOTICES PROVIDED IN APPENDIX A-18-D?

A. These notices were prepared in accordance with the *2024 Final Supplemental Implementation Order ("2024 FSIO")*.[4] This Order prescribes the form and calculation of the notices for future Section 1329 acquisition proceedings. As required by the Order, the notices included in **Appendix A-18-d** are calculated to show the impact as if the entire revenue requirement deficiency were allocated to System customers and to existing PAWC water customers. The rate impacts resulting from these calculations are discussed in more detail below.

Q. PLEASE SUMMARIZE THE CALCULATION OF THE POTENTIAL RATE IMPACT SHOWN IN THE NOTICE TO THE AUTHORITY'S CUSTOMERS.

[4] *Valuation of Acquired Municipal Water and Wastewater Systems – Act 12 of 2016 Implementation,* Docket No. M-2016-2543193 (Opinion and Order entered July 2, 2024) ("2024 *FSIO*").

A. As shown in **Appendix A-18-d**, the notice to Authority customers shows the following information regarding the potential rate impacts of the acquisition:

Authority Water Customers			
Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	$69.90	100.4%
Commercial	22,094 gal/month	$429.40	100.4%
Industrial	685,947 gal/month	$12,492.82	100.4%

The 100.4% increase shown in the chart above is calculated as 100% of the revenue deficiency, divided by the Year One revenues of the System. The current average monthly bill is calculated using the Authority's water rates and the average usage for each customer class as reflected in the filing of PAWC's most recently approved base rate case (Docket No. R-2023-3043189).

Q. PLEASE SUMMARIZE THE CALCULATION OF THE POTENTIAL RATE IMPACT SHOWN IN THE NOTICE TO PAWC WATER CUSTOMERS.

A. As shown in **Appendix A-18-d**, the notice to PAWC's existing water customers shows the following information regarding the potential rate impacts of the acquisition:

PAWC Existing Water Customers			
Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,201 gal/month	$0.24	0.3%
Commercial	22,094 gal/month	$1.26	0.3%
Industrial	685,947 gal/month	$26.59	0.3%

The 0.3% increase shown in the chart above represents the potential impact on PAWC water customers if the revenue deficiency were entirely allocated to water customers. This allocation to water customers is divided by PAWC's applicable water revenues from PAWC's most recent base rate case.

The current average monthly bill is shown at PAWC's Zone 1 rates effective August 7, 2024 and the average usage for each customer class as reflected in the filing of PAWC's most recent base rate case (Docket No. R-2023-3043189). The average monthly bill for PAWC Zone 1 customers after acquisition is calculated by increasing the average monthly bill amounts by the 0.3% increase, which was calculated as explained above. Please refer to **PAWC Exhibit CEC-1** for the calculation of the customer notice bill impacts.

LOW-INCOME PROGRAMS

Q. PLEASE SUMMARIZE PAWC'S TARIFFED LOW INCOME DISCOUNTS.

A. PAWC's low-income tariff rider provides low-income customers with discounts to fixed and volumetric charges. PAWC's low-income discount includes four tiers of discounts, with the discount level dependent on the customer's percentage of Federal Poverty Level ("FPL"). The tariff discounts are summarized below.[5]

	Tier 1 (0-50% FPL)	Tier 2 (51-100% FPL)	Tier 3 (101-150% FPL)	Tier 4 (151-200% FPL)
Water Service Charge Discount	90%	75%	60%	30%
Water Usage Charge Discount	80%	65%	40%	20%

[5] Refer to Tariff Water-PA P.U.C. No. 5, page 17.

Q. WILL AUTHORITY CUSTOMERS BE ELIGIBLE FOR THESE DISCOUNTS UPON ACQUISITION?

A. Yes. Authority customers will have the option of enrolling into the bill discount program for their water bill if they meet the eligibility requirements.

In addition, the Company recently launched its Arrearage Management Program ("AMP"), which provides monthly forgiveness credits applied to customers' account arrearages when customers make full and timely payments under the bill discount program. Finally, customers with a household income of 250% of the FPL and below are eligible for annual water grants of up to $500 under PAWC's H2O Help to Others program.

Q. PLEASE SUMMARIZE THE CURRENT COST OF PAWC'S LOW-INCOME DISCOUNT PROGRAMS TO ITS LEGACY CUSTOMER BASE.

A. PAWC's low-income discount program provides discounts between 30% and 90% of the water and wastewater bill to customers with an FPL of 200% or less. These discounts have a small impact on customers' bills of approximately $2.41 per month for residential water customers.[6]

TRANSACTION AND CLOSING COSTS

Q. PLEASE DESCRIBE THE ESTIMATED TRANSACTION AND CLOSING COSTS FOR THE TRANSACTION.

A. As set forth in the Commission's *Final Implementation Order* at Docket No. M-2016-2543193, transaction and closing costs include the UVE's appraisal fee and the buyer's closing costs, including reasonable attorney fees. In accordance with the *Final*

[6] The amounts shown in this paragraph are calculated as the discounted revenue divided by the number of residential customers at Docket No. R-2023-3043189.

Implementation Order and traditional ratemaking principles, reasonable transaction and closing costs are not to be decided in this Application proceeding; instead, PAWC must justify the costs by a "preponderance of the evidence" in a future base rate proceeding.

As a practical matter, the exact extent of such costs cannot be known at the time of filing the Application and will not be finally known until after Closing. The costs depend on a number of variables, including whether this Application is settled or fully litigated. PAWC will track such costs and incorporate them into rate base in a future base rate proceeding as appropriate. Nevertheless, attached to the Application as **Appendix A-10** is PAWC's estimate of the anticipated transaction and closing costs (approximately $932 thousand).

POST-ACQUISITION IMPROVEMENT COSTS

Q. PLEASE STATE YOUR UNDERSTANDING OF SECTION 1329 WITH RESPECT TO POST-ACQUISITION IMPROVEMENT COSTS.

A. I am advised by counsel that Section 1329(f) allows "an acquiring public utility's post-acquisition improvements that are not included in a distribution system improvement charge [to] accrue allowance for funds used during construction ["AFUDC"] after the date the cost was incurred until the asset has been in service for a period of four years or until the asset is included in the acquiring public utility's next base rate case, whichever is earlier." Section 1329(f) also provides that "[d]epreciation on an acquiring public utility's post-acquisition improvements that have not been included in the calculation of a distribution system improvement charge shall be deferred for book and ratemaking purposes."

Q. DOES PAWC INTEND TO ACCRUE AFUDC FOR POST-ACQUISITION IMPROVEMENTS?

A. Yes. As summarized in the Direct Testimony of PAWC Witness Mr. Jed A. Fiscus, P.E., PAWC's Director, Engineering Project Delivery for Western Pennsylvania, PAWC Statement No. 2, PAWC will be making post-acquisition improvements to the System. As such, PAWC will likely accrue AFUDC consistent with what is permitted under Section 1329. PAWC will address any claims for AFUDC in the first base rate proceeding in which the Authority's assets are included.

Q. DOES PAWC INTEND TO DEFER DEPRECIATION ON NON-DSIC-ELIGIBLE POST-ACQUISITION IMPROVEMENTS FOR BOOK AND RATEMAKING PURPOSES?

A. Yes. Section 1329(f) permits such deferral of depreciation. The statute appears to allow deferral without specific Commission approval; however, out of an abundance of caution, PAWC is specifically petitioning the Commission, as part of this Application proceeding, for permission to defer the depreciation for book and ratemaking purposes.

COST OF SERVICE STUDY IN FUTURE BASE RATE CASES

Q. PLEASE DISCUSS THE SEPARATE COST OF SERVICE STUDY ("COSS") DIRECTIVE FROM THE ORDER APPROVING THE COMPANY'S LAST BASE RATE CASE AT DOCKET NO. R-2023-3043189.

A. Page 217 of the Commission Order approving the Company's last base rate case included a directive requiring PAWC to prepare separate COSSs for new Section 1329 acquisitions

in the first base rate proceeding where those systems are included in PAWC's revenue requirement.

In the first base rate case in which the Authority is included, the Company will complete a COSS for the Authority's system separate from the general water revenue requirement.

AUTHENTICATION OF APPLICATION APPENDICES

Q. ARE YOU FAMILIAR WITH THE APPLICATION FILED BY PAWC IN THIS PROCEEDING?

A. Yes, I helped to prepare several of the appendices in support of the Application and I have reviewed the final version of the Application and the appendices.

Q. PLEASE IDENTIFY WHICH APPLICATION APPENDICES WERE PREPARED BY YOU OR UNDER YOUR SUPERVISION AND CONTROL?

A. **Appendix A-10** is the Company's estimate of the anticipated range of transaction and closing costs. The *pro forma* tariff supplement is attached as **Appendix A-12** to the Application. In addition, based on financial statements provided by the Authority and on PAWC's audited financial statements, the following appendices were prepared: **Appendix C** (audited balance sheet of the Authority as of December 31, 2024), **Appendix D** (audited balance sheet of PAWC as of December 31, 2024), **Appendix E** (audited income statement of the Authority for the 12 months ended December 31, 2024), **Appendix F** (audited income statement of PAWC for the 12 months ended December 31, 2024), **Appendix G** (*pro forma* balance sheet of PAWC and the Authority for 12 months ended December 31,

2024, giving effect to the transfer), **Appendix H** (*pro forma* consolidated income statement of PAWC and the Authority for 12 months ended December 31, 2024) and **Appendix K** (estimated annual revenues and expenses).

Q. ARE APPENDICES A-10 AND A-12, APPENDICES C THROUGH H, AND APPENDIX K TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE, INFORMATION, AND BELIEF?

A. Yes.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my direct testimony as additional issues and facts arise during the course of the proceeding. Thank you.

APPENDIX A

From 2015 to 2017, I served as Assistant Professor and Director of the University of Charleston's Master of Forensic Accounting ("MFAcc") Program. I provided administrative oversight of the program to include curriculum development, faculty development and coordination, program assessment, recruiting, retention, marketing, and fiscal planning and management. I also served as faculty in the MFAcc program, teaching MFACC 624 - Data as Evidence which included data mining, probability concepts and calculations, link analysis, timelines and relationship charts, and applications of statistics in the courtroom. In addition I taught the following undergraduate courses: BUSI 215 – Business Software, ACCT 460 – Accounting Information Systems, and ACCT 281 - Introduction to Forensic Accounting.

From 2010 to 2015, I served as Manager of Information Technology Services Expense Management for American Water ("AW"), responsible for managing operating and capital expenditures for the ITS department. I proposed and received approval for establishment of AW's first IT Finance team overseeing the management of IT related operating and capital funding projects across AW's subsidiaries. I was responsible for business planning and reporting, contracts processing, capital asset management, procurement of ITS goods/services, and budget management of $70M+ annually. During this time, I also served as the ITS functional lead member of AW's Procure to Pay Service Delivery Council. I established the Centrally Sponsored Financial Model for use by the company in SAP and related system asset management post-system implementation. I established an annual CIO communication to state presidents, finance, rates, and capital

leads within the operating companies for the purpose of communication business planning needs for information systems projects at enterprise and state levels.

From 2003 to 2010, I served as Team Lead for the ITS Service Delivery department overseeing up to 9 states and service company locations with 22 support specialists for the delivery of information technology services such as local network, computer, and software support.

I also serve as a contract instructor and presenter for the National Association of Valuators and Analysts (NACVA), presenting topics such as computer forensics and the digital age.

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
Docket No. A-2025-3055741

Indian Creek Valley Water Authority Customers

Water

Rate Class	Average Usage	Average Monthly Bill at Indian Creek Valley Water Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase		
Residential	3,201 gal/month	$69.62	$139.52	$69.90	or	100.4%
Commercial	22,094 gal/month	$427.69	$857.09	$429.40	or	100.4%
Industrial	685,947 gal/month	$12,443.05	$24,935.87	$12,492.82	or	100.4%

PAWC Current Water Customers

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase		
Residential	3,201 gal/month	$78.89	$79.13	$0.24	or	0.3%
Commercial	22,094 gal/month	$419.34	$420.60	$1.26	or	0.3%
Industrial	685,947 gal/month	$8,863.12	$8,889.71	$26.59	or	0.3%

Pennsylvania American Water Company
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Indian Creek Valley Water Authority

Residential		
5/8"	Rate	$12.00
32.01	1.8000	57.62
		$69.62

Rate Impact	100.4%
	$69.90
Total	$139.52

Commercial		
1"	Rate	$30.00
220.94	1.8000	397.69
		$427.69

Rate Impact	100.4%
	$429.40
Total	$857.09

Industrial		
2"	Rate	$96.00
6,859.47	1.8000	12,347.05
		12,443.05

Rate Impact	100.4%
	$12,492.82
Total	$24,935.87

PAWC - Water

Zone 1 - Residential		
5/8"	Service Charge	$18.80
32.01	1.8772	60.09
		$78.89

Rate Impact	0.3%
	$0.24
Total	$79.13

Zone 1 - Commercial		
1"	Service Charge	$48.40
160.00	1.8033	288.53
60.94	1.3523	82.41
220.94		
		$419.34

Rate Impact	0.3%
	$1.26
Total	$420.60

Zone 1 - Industrial		
2"	Service Charge	$224.00
160.00	1.6720	267.52
5,840.00	1.2860	7,510.24
859.47	1.0022	861.36
6,000.00		
		8,863.12

Rate Impact	0.3%
	$26.59
Total	$8,889.71

Pennsylvania American Water Company
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Estimated Rate Increase

Increase applied to Acquired System Customers		
Revenue Requirement Increase	$	2,587,000
Current Indian Creek Valley Water Authority revenues		2,576,000
Estimated Increase to water customers		**100.4%**

Amount of increase allocated to water customers:		
Revenue Requirement Increase	$	2,587,000
PAWC Water Revenues (R-2023-3043189 Proof of Revenues excl. Other Operating Revenues & Contract Sales)		890,733,518
Estimated Increase to Water Customers		**0.3%**

Pennsylvania American Water Company
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Revenue Requirement Increase

Rate Base	$	32,800,000	Appendix A-11
Rate of Return %		7.38%	See Calculations
Rate of Return		2,421,000	
O&M		1,362,000	Appendix K
Taxes Other		85,000	Appendix K
Depreciation		656,000	Appendix K
Taxes		639,000	See Calculations
Revenue Requirement		5,163,000	
Indian Creek Valley Water Authority Year-1 Revenues		2,576,000	Appendix K
Revenue Requirement Increase		2,587,000	

Pennsylvania American Water Company
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Income Tax Calculation

Revenue Requirement		
Rate Base	$	32,800,000
Pretax ROR %		9.33%
Pretax ROR		3,060,000
Plus: O&M Expense		1,362,000
Taxes Other		85,000
Depreciation		656,000
Total Revenue Requirement		5,163,000
Income Tax Calculation		
Revenues	$	5,163,000
Less: O&M Expense		1,362,000
Taxes Other		85,000
Depreciation		656,000
Interest		686,000
SIT Taxable Income		2,374,000
State Income Tax Rate		7.49%
State Income Tax		178,000
FIT Taxable Income		2,196,000
Federal Income Tax Rate		21.00%
Federal Income Tax		461,000
Total Income Taxes		639,000
Interest		
Rate Base	$	32,800,000
Weighted Cost of Debt (2.03% + 0.12%)		2.09%
	$	686,000

Water	Capital Structure	Cost Rate	Weighted Cost	Revenue Multiplier	Revenue Requirement
Long Term Debt	44.01%	4.76%	2.09%		2.09%
Short Term Debt	0.00%	0.00%	0.00%		0.00%
Preferred Stock	0.00%	0.00%	0.00%	1.36831	0.00%
Common Equity	55.99%	9.45%	5.29%	1.36831	7.24%
			7.38%		9.33%

Capital Structure, Cost of Debt, and Cost of Equity are based on PAWC's last base rate case.
Docket No. R-2023-3043189, Order Entered July 22, 2024, page 200.
State Income Tax Rate of 7.49% in effect 1/1/2026

Revenue 'Multiplier	
Statutory State Tax Rate	0.0749
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9251
Fed Rate Times (1-State Tax Rate)	0.194271
Effective Tax Rate	0.269171
1-Eff Tax Rate	0.730829
Reciprocal	1.36831

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
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Operating Revenue Assumptions

Service Charge	Customers	Units	Rate	Revenue
Residential Customers	2150	25,800	12.000	310,000
Commercial 1"	203	2,436	30.000	73,000
Industrial 2"	1	12	96.000	1,000
OPA 1"	25	300	30.000	9,000
Public Fire - Rate 1	2	369	60.000	22,000
Public Fire - Rate 2	5	102	100.000	10,000
				425,000

Usage Charge	Customers	Units	Rate	Revenue
Residential Customers	2150	705,035	1.8000	1,269,000
Commercial	203	236,273	1.8000	425,000
Industrial	1	6,955	1.8000	13,000
OPA	25	222,428	1.8000	400,000
Bulk Resale	3	23,251	1.9000	44,000
				2,151,000

Total Revenues	**2,576,000**

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
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O&M and General Tax Assumptions

Operating and Maintenance Expenses	
Labor and Labor Related	$501,000
Purchased Water	39,000
Fuel & Power	64,000
Chemicals	35,000
Waste Disposal	19,000
Management Fees	156,000
Contracted Services	44,000
Insurance Other Than Group	85,000
Maintenance	300,000
Customer Accounting	79,000
General Office Expense	7,000
Miscellaneous	33,000
Total O&M	$1,362,000

General Taxes	
Property Tax	$35,000
Regulatory Assessment	20,000
Payroll Taxes	30,000
Total General Taxes	$85,000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, Dr. Christina E. Chard, hereby state that the facts set forth in PAWC Statement No. 3 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: November 3, 2025

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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

REBUTTAL TESTIMONY OF DR. CHRISTINA E. CHARD ON BEHALF OF PENNSYLVANIA-AMERICAN WATER COMPANY

Date: June 10, 2026

PAWC Statement No. 3-R

REBUTTAL TESTIMONY OF
DR. CHRISTINA E. CHARD

INTRODUCTION

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is Christina Chard; my business address is 1600 Pennsylvania Avenue, Charleston, WV, 25302.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Water Works Service Company, Inc. (the "Service Company") as the Senior Director of Rates and Regulatory for Pennsylvania-American Water Company ("PAWC" or "the Company"). The Service Company is a wholly owned subsidiary of American Water Works Company, Inc. ("American Water") that provides services to PAWC and its affiliates.

Q. HAVE YOU SUBMITTED ANY OTHER TESTIMONY IN THIS PROCEEDING?

A. Yes. I submitted Direct Testimony, PAWC Statement No. 3 on November 3, 2025.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I will respond to portions of the Direct Testimony of Office of Consumer Advocate ("OCA") witnesses LeeAnn Wise and the Direct Testimony of Office of Small Business Advocate ("OSBA") witness Celia Hashlamoun. Specifically, I will respond to testimony related to: application of the DSIC, rate impacts, transaction and closing costs, a separate cost of service study for the System in the Company's next base rate case,

recommendations regarding the customer notice and notification of low-income programs, and the proposed increase to the Company's hardship fund contribution.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Q. PLEASE SUMMARIZE THE OCA TESTIMONY REGARDING THE APPLICATION OF THE DSIC TO INDIAN CREEK VALLEY WATER AUTHORITY ("ICVWA") CUSTOMERS.

A. At OCA St. 2, page 36, Ms. Wise recommends that PAWC amend its LTIIP including the System and file within 90 days of closing on the transaction ("Closing"). Also, at OCA St. 2, page 36. Ms. Wise proposes that projects reflected in an amended LTIIP should be "in addition to, and not re-prioritize, any capital improvements that PAWC has already committed to undertaking for existing customers". PAWC witness Fiscus addresses this in his testimony.

PAWC does not agree with the recommendation that an LTIIP modification should be required within 90 days of closing. There are many factors to be considered when choosing to modify an LTIIP, and a single acquisition should not automatically require an LTIIP modification. This is especially relevant when considering the scale of an acquisition such as ICVWA, which represents less than 1% of PAWC's total water rate base and less than 1% of PAWC's water customer base.[1]

[1] Based on PAWC's water rate base at June 30, 2027, as projected at Docket No. R-2025-3057983 and actual PAWC water customers as of April 30, 2026.

RATE IMPACTS

Q. ON PAGE 15 OF OCA ST. 2, MS. WISE STATES THAT THE LOW-INCOME PROGRAM WOULD NOT BENEFIT ACQUISITION CUSTOMERS. DO YOU AGREE?

A. No. First of all, Ms. Wise's Table One OCA St. 2 at 14 lines 2-3, attempts to compare an average residential customer monthly bill under ICVWA rates to a discount monthly bill on PAWC rates. The table shows $139.52 for the average bill which is incorrect. An average monthly residential water bill for a PAWC Rate Zone 1 customer using 3,201 gallons is $78.89 ($18.80 + ((3,201/100) * $1.8772 or $60.09).

Second, it appears that the $139.52 used in Ms. Wise's table is the 2024 FSIO required average monthly residential bill impacts for acquisition customers if they alone had to bear 100% of the acquisition purchase. This is a hypothetical, unrealistic and inappropriate value to use in an average bill comparison. ICVWA rates will be adopted at acquisition close. PAWC would not propose an increase to acquisition rates until the first base rate case in which ICVWA is included and then the Company would not propose a rate that would exceed its then-current standard tariff rates.

Third, utilizing the current ICVWA rate for a future rate comparison without any consideration for rate increases for necessary capital investment or increases in operating expenses is not realistic. The current average monthly residential bill for an ICVWA customer is $69.92. ICVWA Witness Kerry Witt's Rebuttal Testimony addresses the future rate increases that would be necessary if ICVWA continues to operate the System. In the case of a sale, PAWC would propose moving ICVWA customer rates to or towards its then-current Rate Zone 1 water rates in its next base rate case.

Finally, A simplistic point-in-time comparison, regardless of the current values does not negate the fact that such a program would benefit eligible customers for years to come. PAWC offers bill discount and other customer assistance programs to its customers that are not afforded to ICVWA's customers today.

Q. ON PAGE 18 OF OCA St. 2, MS. WISE INDICATES THAT THE PURCHASE PRICE ABOVE NET BOOK COST WILL RESULT IN PAWC SEEKING A HIGHER COST RECOVERY THAN WHAT WOULD BE PURSUED IF THIS TRANSACTION DIDN'T TAKE PLACE. DID SHE SUPPORT THIS STATEMENT?

A. No. Ms. Wise's observations arise from what appear to be misunderstandings of the information provided in the Customer Notices issued by PAWC to the customers in the Authority's service area and to PAWC's customers. The Pennsylvania Public Utility Commission's ("PUC" or "Commission") Final Supplemental Implementation Order entered July 2, 2024 at Docket No. M-2016-2543193 ("2024 FISO") requires PAWC to calculate the potential rate increases to the Authority's customers and PAWC's customers as a result of the transaction, with separate assumptions for each Notice. For the Notice to the Authority's customers, PAWC must assume that the entire revenue requirement for the Authority's system is immediately allocated for recovery only from the Authority's customers. For the Notice to PAWC's other water customers, PAWC must assume that the entire revenue requirement for the Authority's system is immediately allocated to PAWC's existing water customer base. Obviously, neither of these scenarios has any basis in reality. The actual increase for both sets of customers

would be lower than the rate increases projected in the Customer Notices because PAWC anticipates spreading the costs across both the Authority customers and the Company's existing water service customer base. Additionally, these rate increases would occur in a subsequent rate case, not immediately upon Closing of the Application.

While Ms. Wise overstates the potential post-acquisition rate increase for Authority customers, she understates the Authority rates absent a sale. The Authority rate used for the Customer Notices is the current Authority rate. As noted above, Ms. Wise compares the current Authority rate to a hypothetical post-acquisition rate that assumes the Authority's customers are paying their full cost of service with no cost-sharing among PAWC's broader customer base. To approximate an apples-to-apples comparison, Ms. Wise would need to increase the Authority's current rate to reflect cost-of-service over time, including future Authority rate increases. Authority Witness Kerry Witt projects that, if the Authority does not sell to PAWC and instead continues to operate the water system, a rate increase of $85.90 would be necessary to recover the Authority's operating and capital expenses. Accordingly, Ms. Wise's testimony does not take into account the gap between the rate the Authority's customers would pay absent a sale to PAWC and their current rates.

Q. TURNING TO THE OSBA'S DIRECT TESTIMONY, OSBA WITNESS HASHLAMOUN RECOMMENDS THAT PAWC NOT BE PERMITTED TO PUT THE "ACQUISITION PREMIUM" INTO RATE BASE UNTIL PAWC DEMONSTRATES THAT THESE DOLLARS ARE SUPPORTED BY

CUSTOMER BENEFITS AND SYSTEM IMPROVEMENTS. IS THIS RECOMMENDATION APPROPRIATE?

A. No, this recommendation is not appropriate. Counsel will provide a more thorough explanation of Section 1329 in the Company's briefs, but for purposes of my testimony, it is important to understand that this Fair Market Value statute operates as an exception to traditional utility valuations, which were established by original depreciated cost. Section 1327 of the Public Utility Code created the initial exception to original depreciated cost valuations by authorizing acquisitions of distressed public utilities where the purchase price exceeds original depreciated costs. This exemption was intended to incentivize acquisitions of distressed public utilities. Section 1329 was separately developed to incentivize acquisitions of municipal utilities. Section 1329 provides a clear formula for determining the acquisition value authorized for inclusion in the acquiring public utility's rate base. Ms. Hashlamoun's recommendation would frustrate the very ethos of the statute and cannot be accepted.

Instead, the Commission should approve PAWC's proposed rate base, which was developed in compliance with the requirements of Section 1329 of the Public Utility Code. PAWC Witness Baer testified in her direct testimony that the purchase price of ICVWA is approximately $4.5 million below the Commission's Reasonableness Review Ratio. PAWC is seeking to record its purchase price of $32,800,000 as the new value of the assets on its books. While OCA witness Garrett proposes adjustments to the appraisals completed by the Utility Valuation Experts ("UVEs"), PAWC UVE Witness Weinert and ICVWA Witness Walker discusses why the Commission should not accept the OCA's proposed adjustments to the appraisals in their respective rebuttal testimony.

To be clear, PAWC seeks to record the System on its books at a net asset value equal to the amount that the Commission approves for inclusion in ratemaking rate base, provided that the approved amount is reasonable and PAWC elects to move forward with the transaction in light of the approved amount.

TRANSACTION AND CLOSING COSTS

Q. PLEASE SUMMARIZE AND RESPOND TO MS. WISE'S RECOMMENDATIONS FOR WHEN PAWC CLAIMS TRANSACTION AND CLOSING COSTS IN ITS NEXT BASE RATE CASE.

A. On page 35 of OCA St. 2, Ms. Wise recommends that, when PAWC claims transaction and closing costs in its next base rate case, it should separately identify all closing costs by category, including any outside legal fees, and exclude any Seller transaction and closing costs from its rate base. PAWC objects to the additional compliance obligation to separately identify all closing costs by category, as it is not required by Commission regulation. However, PAWC agrees that Seller closing costs shall not be recovered from PAWC's ratepayers.

COST OF SERVICE STUDY

Q. DOES MS. WISE RECOMMEND THAT THE COMPANY BE REQUIRED TO PROVIDE A SEPARATE COST OF SERVICE STUDY ("COSS") FOR THE SYSTEM IN THE COMPANY'S NEXT BASE RATE CASE?

A. Yes. On pages 35-36 of OCA St. 2, Ms. Wise recommends that PAWC provide in its next base rate case a separate cost of service study ("COSS") for the System.

Q. HOW DO YOU RESPOND TO THE RECOMMENDATION?

A. The Company will provide in the next base rate case a separate COSS for the System in a similar manner to the separate COSSs provided in the Company's last base rate case for new Section 1329 acquisitions, as well as in prior base rate cases for other recently-acquired Section 1329 systems.

LOW INCOME PROGRAMS AND CUSTOMER NOTICES

Q. PLEASE DESCRIBE THE RECOMMENDATIONS MADE BY OCA WITNESS WISE REGARDING THE COMPANY'S LOW-INCOME PROGRAMS.

A. On page 32 of OCA St. 2, Ms. Wise recommends that PAWC provide a letter to the acquired customers that provides information regarding its low-income programs, including a description of the available programs, eligibility and requirements, and PAWC's contact information. The letter should be sent within 30 days after closing so that eligible customers can benefit from the programs as soon as possible and before rates are increased. PAWC should include the same information regarding low-income programs in bills sent to ICVWA customers within 90 days after closing.

Q. HOW DO YOU RESPOND TO MS. WISE's RECOMMENDATION?

A. The Company recognizes the importance of communicating information about its low-income programs to customers. Upon Closing on a transaction, PAWC will send the acquisition customers a welcome packet which includes information about the Company's low-income programs, including program descriptions, eligibility requirements, and contact information, as well as a link to the Company's website where more detailed

program information is provided. In the first billing cycle, customers will receive a bill onsert with the information contained on the website.

Q. MS. WISE ALSO RECOMMENDS THAT PAWC SUBMIT A REPORT TO THE COMMISSION EVERY SIX MONTHS WITH INFORMATION ABOUT ICVWA CUSTOMERS' ASSISTANCE PROGRAM PARTICIPATION. PLEASE RESPOND.

A. Ms. Wise recommends that, every six months, PAWC report the number of former ICVWA customers who are enrolled in PAWC's customer assistance program ("CAP"). This report would be submitted to the Commission and to the parties every six months until the conclusion of PAWC's next base rate case. OCA St. No. 2 p. 32-33.

PAWC disagrees with this recommendation. Ms. Wise fails to explain the purpose underlying this recommendation. Simply advising the Commission and the parties that a certain number of former ICVWA customers are now enrolled in PAWC's CAP does not seem to provide any tangible benefit to the PUC, the parties, or the Authority's customers. The Commission should not require PAWC and its customers to incur the cost of reporting requirements that serve no purpose. PAWC already tracks its CAP enrollment participation levels and reports that information as part of its Customer Assistance Advisory Group meetings.

Q. ON PAGES 37-38 OF OCA ST. 2, OCA WITNESS WISE MAKES RECOMMENDATIONS REGARDING PAWC'S CUSTOMER NOTICE. PLEASE SUMMARIZE AND RESPOND TO HER RECOMMENDATION.

A. Ms. Wise recommends that, in future Section 1329 acquisitions,[2] PAWC include in its customer notice rate impacts at more than just average usage. Specifically, Ms. Wise recommends that the notice show the customer rate impacts at a usage level of 5,000 gallons and 10,000 gallons used in a month. In fact, Ms. Wise recommends that "going forward, [all] investor-owned utilities acquiring municipal systems under Section 1329 should be required to notice their customers at 5,000 and 10,000 gal./month usage levels." OCA St. No. 2 p. 37-38.[3]

PAWC does not agree with Ms. Wise's recommendation. PAWC's customer notices show an estimated bill impact based on average usage from PAWC's last base rate case rather than at arbitrary usage levels requested by the OCA. On the notices sent to customers, in addition to the current monthly bill and potential future monthly bill, the potential increase is expressed in terms of a percentage increase. This percentage increase is applicable to all customer classes and usage amounts; therefore, a customer with any level of usage could estimate their impact using the estimated percentage increase that is shown on the customer notice.

The impact of adding additional usage levels as OCA requests is that PAWC would be required to show nine different bill impacts for the three customer classes. This large number of scenarios is likely to cause confusion for customers. PAWC currently shows the average usage amount for residential, commercial and industrial customers, consistent with

[2] In its brief, I am advised by counsel that PAWC will argue that Section 1103(a) of the Code (allowing the Commission to approve an application subject to conditions that are just and reasonable) does not authorize the Commission to approve an application subject to conditions that would modify the procedures to be used in *subsequent* applications – particularly where that condition would modify the Commission's procedure for only one utility.

[3] In its brief, I am advised by counsel that PAWC will argue that this recommendation should not be adopted because it would violate due process; the Commission cannot issue a decision in this case that binds investor-owned utilities that are not parties to this proceeding.

the Commission's regulations regarding customer notice which require only one average usage amount to be shown in the notice for each customer class. 52 Pa. Code § 53.45(b).

It is important to note that the current format of the customer notices are compliant with the 2024 FSIO and the format required by rate case notice regulations. In the Company's last base rate case at Docket No. R-2023-3043189, *et al*., the Commission adopted the ALJs' recommendation denying a similar request by the OCA to change the customer notice requirements. The ALJs found that there is no need to revise customer notices related to rate changes, and that the notice provided by PAWC to customers in its recent base rate cases complies with the Commission's regulations. The ALJs also concluded that any new notice requirements should first be adopted by the Commission and then applied to all Pennsylvania water and wastewater utilities.

Q. DOES MS. WISE MAKE ANY OTHER RECOMMENDATIONS REGARDING PAWC'S CUSTOMER NOTICES IN FUTURE SECTION 1329 ACQUISITIONS?

A. Yes. On page 40 of her Direct Testimony, Ms. Wise summarizes her recommendations for conditions on approval of the Application. According to her summary, she recommends that PAWC's customer notices going forward "shall include the monthly or quarterly estimated volumetric charge, as well as the DSIC impact under PAWC ownership."

This recommendation should be rejected. There is no testimony supporting this recommendation. As a result, it is unclear what problem this recommendation is intended to solve. Moreover, as discussed above, the Commission should not change its customer notice requirements for one utility but not others.

HARDSHIP FUND CONTRIBUTION

Q. DO YOU AGREE WITH MS. WISE'S RECOMMENDATION THAT THE APPLICATION BE "CONDITIONED ON" THE COMMISSION REQUIRING PAWC TO MAKE AN $80,000 ANNUAL DONATION TO ITS HARDSHIP FUND FOR LOW-INCOME CUSTOMERS FOR A PERIOD OF FIVE YEARS?

A. No. Contributions to the PAWC's Hardship Fund are made to the Dollar Energy Fund, which is a 501(c)(3) organization that administers the program. The Company currently contributes a minimum of $1,450,000 annually to its Hardship Fund to assist its low-income water and wastewater customers. To my knowledge, that voluntary contribution is significantly more than any other water utility in Pennsylvania contributes to a similar fund. Under these circumstances, it would not be just or reasonable for the Commission to require PAWC to increase its charitable donation as a condition for approval of this, or any, acquisition. PAWC should be permitted to increase its Hardship Fund contributions based on need rather than because it is forced to do so in a Commission proceeding.

Moreover, I am advised by counsel that conditioning approval of an acquisition on an involuntary, non-recoverable charitable donation is impermissible under Pennsylvania law. Section 319 of the Public Utility Code states that Commissioners and Administrative Law Judges must "[r]efrain from solicitation of funds for any political, educational, religious, charitable, fraternal or civic purposes...." Accordingly, PAWC cannot be directed by the Commission to make charitable contributions to its Hardship Fund or any other 501(c)(3) organization.

Additionally, the amount of the contribution is arbitrary. Ms. Wise does not provide support for her recommended $80,000 annual contribution for a period of five years. A footnote at the bottom of page 33 of OCA St. 2 states that it is 0.25 percent of the

$32.8 million purchase price, but does not explain the basis for the percentage or why a percentage of the rate base would be an appropriate metric.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY AT THIS TIME?

A. Yes, it does. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

VERIFICATION

I, Dr. Christina E. Chard, hereby state that the facts set forth in my Rebuttal Testimony, PAWC Statement No. 3-R, and accompanying exhibits, if any, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: June 10, 2026

Christina Chard

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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

DIRECT TESTIMONY OF JEROME C. WEINERT UTILITY VALUATION EXPERT SELECTED BY PENNSYLVANIA-AMERICAN WATER COMPANY

Date: November 3, 2025

PAWC Statement No. 4

DIRECT TESTIMONY OF JEROME C. WEINERT

Q. Please state your name, business address, and occupation.

A. My name is Jerome C. Weinert. My business address is 8555 West Forest Home Avenue, Suite 201, Greenfield, WI 53228. I am a Principal and Owner of Weinert Appraisal and Depreciation Services, LLC ("WADS Consultants"). This testimony was prepared by me.

Q. Please describe your qualifications and indicate if you are registered as a Utility Valuation Expert with the Pennsylvania Public Utility Commission.

A. My curriculum vitae (**"**CV") is attached to my report and this testimony. **PAWC Exhibit JCW-1**. WADS Consultants is a registered Utility Valuation Expert with the Pennsylvania Public Utility Commission ("PUC") entity code 9925547. We obtained that registration in 2016 and were informed of our renewal by the PUC's Secretary on February 13, 2025.

Q. What is the purpose of your testimony?

A. This direct testimony provides clarification and explanation of the appraisal I provided to Pennsylvania-American Water Company ("PAWC"), the Acquiring Utility pursuant to 66 Pa. C.S. § 1329(a)(5) and in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") (2024 Edition).

Q. Are you advocating for any party or outcome?

A. No. The Ethics Rule of the USPAP, applicable here pursuant to 66 Pa. C.S. § 1329(a)(3), requires that I perform the appraisal with impartiality, objectivity, and independence, and without accommodation of personal interests. In addition, the USPAP Ethics Rule requires that I not perform the assignment with bias, that I must not advocate for the cause or

interest of any party or issue and that I must not accept an assignment that includes the reporting of predetermined opinions and conclusions.

Q. Do you have any affiliation with either the Selling Utility or the Acquiring Public Utility or Entity?

A. No. Other than the current assignment to provide the subject appraisal, I have no business or personal relationships with any party to the proposed acquisition.

Q. What is your fee arrangement to deliver the appraisal?

A. A copy of the fee arrangement is included with the Application as **Appendix A-7.1**. In summary, WADS Consultants are to receive $26,000 plus expenses in compensation for our appraisal.

Q. Will you receive that fee regardless of whether the Commission approves the proposed transaction or whether it closes?

A. Yes. 66 Pa. C.S. § 1329(a)(3) mandates that I comply with the USPAP when developing my appraisal. Under the USPAP, I cannot perform the appraisal with bias and acceptance of a fee contingent on a particular outcome like closing or Commission approval would violate that Ethics Rule.

Q. Have you prepared any exhibits, schedules, or appendices to accompany your direct testimony?

A. Yes. The appraisal I submitted to the Acquiring Utility pursuant to Section 1329(a)(5) is included in the Application as **Appendix A-5.1**. The appraisal includes a narrative and supporting exhibits in sections. All were prepared under my supervision and control. Also, as stated above, attached to this testimony as **PAWC Exhibit JCW-1** is my CV.

Q. Please summarize your results of the application of the cost, market, and income approaches to valuation.

A. The summary results of the cost, income, and market approaches is presented below.

Appraisal Approach	Value Indicator	Weight	Wtd Value Indicator
Cost	38,688,712	**33%**	12,896,237
Income	38,944,750	**33%**	12,981,583
Market	38,432,673	**33%**	12,810,891
Appraisal Conclusion			38,688,711

Q. Please describe any assumptions, extraordinary assumptions, hypothetical conditions, and/or limiting conditions that you applied to the valuation.

A. The major assumptions and limiting conditions used in preparing our appraisal of the Indian Creek Valley Water Authority's Water Production, Treatment and Distribution System are described in our appraisal report "Fair Market Appraisal Report of Indian Creek Valley Water Authority Water Production, Treatment, and Distribution System, as of May 30, 2025." Beyond the above-described assumptions, there are no extraordinary[1] or hypothetical[2] assumptions (as defined in the 2024 edition of USPAP).

[1] Extraordinary assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. 2024 USPAP page 4.

[2] Hypothetical condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but used for the purpose of analysis. 2024 USPAP page 4.

Q. How was each assumption used and what was its result?

A. The assumptions are detailed in my appraisal report and are discussed further in this testimony.

Q. Did you use the default valuation weights of one-third each for cost, market, and income?

A. Yes.

Q. If you did not use the default weights of one-third each for cost, market, and income, explain how did you developed the weighting applied to each approach in your appraisal and why are the individual weights you chose are appropriate for this proposed transaction?

A. Not Applicable.

Q. Did you conduct an on-site inspection of the Selling Utility assets, and if so, what was its result on the appraisal?

A. No.

Q. What Utility Earnings Report was used to create the capital structure used in your appraisal?

A. I used a market required capital structure based on an analysis of the market capital structure analysis (detailed in the Cost of Capital / Required Return portion of our appraisal report). Information used in developing the market capital structure was obtained from

financial statistics reported in Value Line Investment Survey for the water / wastewater industry published in their April 1, 2025, issue.

Q. What capital structure was used in your appraisal?

A. The capital structure used in my appraisal is included below.

Water and Wastewater Cost of Capital							
Second Quarter 2025 (4-01-2025)							
As an Investor-Owned Utility							
Weighted Cost of Capital (Discount Rate)							
(1)	(2)	(2a)	(3)	(3a)	(4)	(4a)	(5)
	Portion of Capital	Type of Data	Capital Cost	Type of Data	Tax Rate	Tax affect on cost of capital	After-tax Market Capital Cost
	AUS Input		AUS Input				(2)*(3)*(4a)
Debt	26.77%	Market	5.66%	Market	28.89%	71.11%	1.08%
Equity	73.23%	Market	9.75%	Market	0.0%	100.0%	7.14%
Total Capital r	**100.0%**						**8.22%**
Growth (g)							**2.99%**
Rate without Growth: [(1+r)/(1+g)]-1							**5.08%**

Cost Approach

Q. Regarding your application of the cost approach, what method did you use to determine the cost approach result (e.g., original cost, replacement cost, reproduction cost)?

A. I used the replacement cost method.

Q. Please explain why you chose the replacement cost method.

A. I chose the replacement cost method because it is considered the proper starting point for a cost approach. Replacement cost reflects the appraisal date cost of providing the property's functionality and capacity at the appraisal date cost using recognized materials and labor costs.

Q. What index did you use for that method?

A. I used the Handy Whitman Index of Public Utility Construction Costs for the Water Industry (Northeastern US Region), AUS Telephone Index (General Plant), and various United States Bureau of Labor Statistics cost index series.

Q. Under your application of the cost approach what assets did you value or trend differently from other assets and why was that necessary?

A. I costed each property account with cost trends appropriate for the property contained in the account. As such, the costing of each property account may differ from account to account. It is my opinion that an accurate appraisal requires each property account be costed with cost trends reflective of the property contained in the account. Indian Creek Valley Water Authority's property as detailed in the Bankson Engineers, Inc.'s "Engineer's Assessment" of $33,029,748.41 was determined to have a replacement cost new of $97,747,904 summarized as follows:

Pennsylvania American Water Company (PAWC)								
Indian Creek Valley Water Authority								
Water System								
Investor-Owned Utility								
As of May 30, 2025								
Replacement Cost New (RCN)								
(1)	(2)	(3)	(9)	(10)	(13)	(14)	(15)	(16)
Account	Account	Asset Description	Original Cost	Costing Parameter	Cost Translator	Reproduction Cost New (RCN)	Reproduction Cost New (RCN) to Replacement Cost New (COR)	Replacement Cost New (COR)
			OC $s			RCN $s	COR $s / RCN $s	COR $s
Input	Input	Input	Input	Input	Calculation	Calculation	Input	Calculation
Eng Assmnt	AUS Input	Indian Creek Valley Water Authority	Eng Assmnt	AUS Input			AUS Input	Col (14) * (15)
NARUC Code	NARUC Code	Asset Description	Original Cost	Cost Index Table	Translator	RCN	COR / RCN Factor	COR
303.00	303.00	Land and Land Rights	1,227,815.00	USBLS1	1.16	1,428,678	1.00	1,428,678
304.20	304.20	POWER AND PUMING STRUCTURES	700,197.73	HWW-18	2.86	1,999,186	1.00	1,999,186
304.30	304.30	PURIFICATION and TREATMENT BUILDINGS	1,653,795.70	HWW-18	3.53	5,844,564	1.00	5,844,564
304.50	304.50	OFFICE BUILDINGS	340,000.00	HWW-18	1.04	353,260	1.00	353,260
310.00	310.00	POWER GENERATION EQUIPMENT	24,345.49	USBLS4	1.54	37,541	1.00	37,541
311.00	311.00	SOURCE OF SUPPLY, PUMPING & TREATMENT EQUIPMENT	180,748.26	HWW-19	5.90	1,065,423	1.00	1,065,423
320.00	320.00	TREATMENT & PURIFICATION SYSTEMS	3,591,960.06	HWW-117	2.51	9,008,869	1.00	9,008,869
330.00	330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	3,380,820.43	HWW-123	4.17	14,097,123	1.00	14,097,123
331.00	331.00	MAINS AND ACCESSORIES	16,377,299.93	HWW-144	3.14	51,411,943	1.00	51,411,943
333.00	333.00	SERVICES	1,371,739.51	HWW-139	3.93	5,389,520	1.00	5,389,520
334.00	334.00	METERS AND METER INSTALLATIONS	1,126,453.48	HWW-140	1.56	1,753,114	1.00	1,753,114
335.00	335.00	HYDRANTS	623,470.00	HWW-142	4.15	2,584,256	1.00	2,584,256
340.00	340.00	OFFICE FURNITURE AND EQUIPMENT	181,385.42	AUST-115	1.28	232,513	1.00	232,513
341.00	341.00	TRANSPORATION EQUIPMENT	384,473.38	AUST-14	1.16	447,630	1.00	447,630
343.00	343.00	TOOLS AND WORK EQUIPMENT	139,031.69	AUST-17	1.57	218,194	1.00	218,194
344.00	344.00	LABORATORY EQUIPMENT	115,437.80	AUST-18	1.37	158,193	1.00	158,193
345.00	345.00	POWER OPERATED EQUIPMENT	441,420.00	AUST-18	1.49	657,989	1.00	657,989
346.00	346.00	COMUNICATION EQUIPMENT	1,169,354.53	USBLS2	0.91	1,059,908	1.00	1,059,908
		Grand Total	**33,029,748.41**		**2.96**	**97,747,904**	**1.00**	**97,747,904**

These results are detailed in the Application **Appendix A-5.1** (WADS Appraisal) under the Cost Approach section.

Q. Under your application of the cost approach, what year-end date did you use for calculating the depreciation or condition of the property?

A. I used the date of May 30, 2025, which is the date the Asset Purchase Agreement was executed.

Q. How did you determine the depreciation parameters of survival/retirement characteristics and service lives for the utility property under the cost approach?

A. I determined those parameters based on our review of the depreciation studies filed by PAWC in support of its depreciation parameters (Iowa-type Survival Characteristics and Service Lives) and the resultant depreciation expense and rate base (net book) in its recent General Rate Cases (R-2017-2595853 and R-2020-3019371) and PAWC's June 30, 2025 Annual Depreciation Report, and WADS Consultants' experience in preparing depreciation studies for the water and wastewater industry and our experience appraising water and wastewater properties. The following table summarizes those studies and WADS Consultants' review of the depreciation parameters:

PENNSYLVANIA-AMERICAN WATER COMPANY

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WATER PLANT AS OF DECEMBER 31, 2017, 2020, & 2024

Account No	DEPRECIABLE GROUP	Appraisal Survivor curve	Appraisal Service Life	2024 SURVIVOR CURVE	2024 SURVIVOR CURVE	2024 Service Life	SURVIVOR CURVE (2)	2020 SURVIVOR CURVE (2)	2020 Service Life	2017 SURVIVOR CURVE	2017 Service Life
	INTANGIBLE PLANT										
301.00	301.00 Organization			NONDEPR.			NONDEPR.				
302.00	302.00 Franchises and Consents			NONDEPR.			NONDEPR.				
303.00	303.00 Miscellaneous Intangible Plant			NONDEPR.			NONDEPR.				
	total intangible plant										
	NONDEPRECIABLE PLANT										
303.20	303.20 POWER AND PUMPING LAND			NONDEPR.			NONDEPR.				
303.30	303.30 PURIFICATION LAND.			NONDEPR.			NONDEPR.				
303.40	303.40 TRANSMISSION AND DISTRIBUTION LAND AND RIGHTS OF WAY			NONDEPR.			NONDEPR.				
303.50	303.50 DISTRIBUTION RESERVOIRS AND STANDPIPES LAND			NONDEPR.			NONDEPR.				
303.51	303.51 TRANSMISSION AND DISTRIBUTION - LAND			NONDEPR.			NONDEPR.				
303.52	303.52 TRANSMISSION AND DISTRIBUTION - RIGHTS OF WAY			NONDEPR.			NONDEPR.				
303.61	303.61 OFFICE LAND			NONDEPR.			NONDEPR.				
	TOTAL NONDEPRECIABLE PLANT										
	DEPRECIABLE PLANT										
303.14	303.14 WATER RIGHTS - HIBERNIA	SQ	25	25-SQ	SQ	25	25-SQ	SQ	25	SQ	25
303.35	303.35 WASTE HANDLING AND TREATMENT LAND	R2	100	100-R2	R2	100	100-R2	R2	100	R2	100
303.99	303.99 COMPREHENSIVE PLANNING STUDIES	SQ	5	5-SQ	SQ	5	5-SQ	SQ	5	SQ	5
	TOTAL ACCOUNT 303.XX										
304.15	304.15 OTHER WATER SOURCE STRUCTURES	R1.5	50	50-S0.5	S0.5	50	60-R1.5	R1.5	60	S0.5	50
304.2X	304.2X POWER AND PUMING STRUCTURES										
304.21	304.21 LARGE STRUCTURES	R2.5	75	75-S0.5	S0.5	75	70-R2.5	R2.5	70	S0.5	75
304.22	304.22 OTHER STRUCTURES	R3	55	55-R3	R3	55	55-R3	R3	55	R3	55
	TOTAL ACCOUNT 304.2X										
304.3X	304.3X PURIFICATION BUILDINGS										
304.31	304.31 LARGE STRUCTURES	R2.5	55	55-S1	S1	55	60-R2.5	R2.5	60	S1	55
304.32	304.32 OTHER STRUCTURES	R3	60	60-R3	R3	60	60-R3	R3	60	R3	60
	TOTAL ACCOUNT 304.3X										
304.36	304.36 WASTE HANDLING AND TREATMENT STRUCTURES	S2.5	55	55-S1.0	S1.0	55	60-S2.5	S2.5	60	S1.0	55
304.38	304.38 WASTE HANDLING AND TREATMENT STRUCTURES PAINTING	SQ.0	10	10-SQ.0	SQ.0	10	10-SQ	SQ	10	SQ.0	10
304.39	304.39 PURIFICATION BUILDINGS - TANK PAINTING	SQ.0	10	10-SQ.0	SQ.0	10	10-SQ	SQ	10	SQ.0	10
	TOTAL ACCOUNT 304.3XX										
	30461X OFFICE BUILDINGS										
304.61	304.611 LARGE STRUCTURES	R1.5	50	50-S0.0	S0.0	50	50-R1.5	R1.5	50	S0.0	50
304.61	304.612 OTHER OTHER STRUCTURES	R3.0	50	50-R3.0	R3.0	50	50-R3	R3	50	R3.0	50
	TOTAL ACCOUNT 304.61X										
304.62X	304.62X STORES, SHOP AND GARAGE BUILDINGS										
	304.621 LARGE STRUCTURES	S0.5	55	55-S0.5	S0.5	55	55-S0.5	S0.5	55	S0.5	55
	304.622 OTHER OTHER STRUCTURES	R3	45	45-R3	R3	45	45-R3	R3	45	R3	45
	TOTAL ACCOUNT 304.62X										
304.63	304.63 MISCELLANEOUS STRUCTURES AND IMPROVEMENTS	S0.5	35	35-S0.5	S0.5	35	35-S0.5	S0.5	35	S0.5	35
	TOTAL ACCOUNT 304										
305.XX	305.XX COLLECTING AND IMPOUNDING RESERVOIRS										
305.10	305.1 LARGE RESERVOIRS	R2.0	130	130-R2.0	R2.0	130	125-R2	5-R2	125	R2.0	130
305.20	305.2 OTHER RESERVOIRS	R3.0	75	75-R3.0	R3.0	75	75-R3	R3	75	R3.0	75
	TOTAL ACCOUNT 305.X										
306.XX	306.XX LAKE, RIVER AND OTHER INTAKES										
306.10	306.1 LARGE RESERVOIRS	S1.5	55	55-S1.5	S1.5	55	55-S1	5-S1	55	S1.5	55
306.20	306.2 OTHER RESERVOIRS	S1	50	50-S1	S1	50	50-S0.5	S0.5	50	S1	50
	TOTAL ACCOUNT 306.X										
307.00	307.00 WELLS AND SPRINGS	S0.0	55	55-S0.0	S0.0	55	55-S0	S0	55	S0.0	55
310.00	310.00 POWER GENERATION EQUIPMENT	S1	60	60-S0.5	S0.5	60	43-S1	S1	43	S0.5	60
	TOTAL 307-310										
	311.XX PUMPING EQUIPMENT										
311.20	311.20 ELECTRIC PUMPING EQUIPMENT	S0	39	39-S0	S0	39	42-S0	S0	42	S0	39
311.50	311.50 OTHER	S0	39	39-S0	S0	39	42-S0	S0	42	S0	39
311.52	311.52 SOURCE OF SUPPLY	S0	39	39-S0	S0	39	42-S0	S0	42	S0	39
311.53	311.53 WATER TREATMENT	S0	39	39-S0	S0	39	42-S0	S0	42	S0	39
311.54	311.54 TRANSMISSION AND DISTRIBUTION	S0	39	39-S0	S0	39	42-S0	S0	42	S0	39
	TOTAL ACCOUNT 311.XX										
	320.1X PURIFICATION SYSTEM										
320.10	320.10 PURIFICATION STRUCTURES										
320.11	320.11 LARGE STRUCTURES	S1	50	50-S1	S1	50	60-S0.5	S0.5	60	S1	50
320.12	320.12 OTHER OTHER STRUCTURES	R3	55	55-R3	R3	55	55-R3	R3	55	R3	55
	TOTAL ACCOUNT 320.1										
	320.18 LARGE STRUCTURES PAINT	SQ	10	10-SO	SO	10	10-SQ	SQ	10	SO	10
320.19	320.19 LARGE STRUCTURES PAINT	SQ	10	10-SQ	SQ	10	10-SQ	SQ	10	SQ	10
320.20	320.20 CHEMICAL TREATMENT	R1	32	32-R1	R1	32	36-R0.5	R0.5	36	R1	32
320.29	320.29 CHEMICAL TREATMENT PAINT			FULLY ACCRUED			FULLY ACCRUED				
	TOTAL PURIFICATION SYSTEM 320.XX										
320.30	320.30 GRANULAR ACTIVATED CARBON	L0.5	11	11-L0.5	L0.5	11	7-L2	L2	7	L0.5	1
320.37	320.37 WASTE HANDLING AND TREATMENT - EQUIPMENT	R3	30	30-R3	R3	30	30-R3	R3	30	R3	30
	TOTAL ACCOUNT 320										
330.00	330.00 DISTRIBUTION RESERVOIRS AND STANDPIPES	S0.5	65	65-S0.5	S0.5	65	65-S0.5	S0.5	65	S0.5	65
330.10	330.10 ELEVATED TANKS AND STANDPIPES	S0.5	65	65-S0.5	S0.5	65	65-S0.5	S0.5	65	S0.5	65
330.20	330.20 GROUND LEVEL FACILITIES	S0.5	65	65-S0.5	S0.5	65	65-S0.5	S0.5	65	S0.5	65
330.30	330.30 BELOW GRADE FACILITIES	S0.5	65	65-S0.5	S0.5	65	65-S0.5	S0.5	65	S0.5	65
330.40	330.40 CLEARWELL	S0.5	65	65-S0.5	S0.5	65	65-S0.5	S0.5	65	S0.5	65
330.58	330.58 DISTRIBUTION RESERVOIRS AND STANDPIPES - PAINTING	SQ	10	10-SQ	SQ	10	10-SQ	SQ	10	SQ	10
330.59	330.59 DISTRIBUTION RESERVOIRS AND STANDPIPES - PAINTING	SQ	10	10-SQ	SQ	10	10-SQ	SQ	10	SQ	10
	TOTAL ACCOUNT 330										
	DISTRIBUTION PLANT										
331.00	331.00 MAINS AND ACCESSORIES	R2	90	90-R2	R2	90	110-R2	R2	110	R2	90
333.00	333.00 SERVICES	R2.5	65	65-R2.5	R2.5	65	70-R2.5	R2.5	70	R2.5	65
334.00	334.00 METERS AND METER INSTALLATIONS	L1.5	20	20-L1.5	L1.5	20	21-L1	1-L1	21	L1.5	20
335.00	335.00 FIRE HYDRANTS	R2	60	60-R2	R2	60	75-R2.5	R2.5	75	R2	60
	Distribution Plant										
	340.X OFFICE FURNITURE AND EQUIPMENT										
340.10	340.1 FURNITURE	SQ	20	20-SQ	SQ	20	20-SQ	SQ	20	SQ	20
340.20	340.2 COMPUTERS AND PERIPHERAL EQUIPMENT	SQ	5	5-SQ	SQ	5	5-SQ	SQ	5	SQ	5
340.30	340.3 COMPUTER SOFTWARE - 5 YEAR	SQ	5	5-SQ	SQ	5	5-SQ	SQ	5	SQ	5
340.40	340.4 COMPUTER SOFTWARE - 10YEAR	SQ	10	10-S0	S0	10	10-SQ	SQ	10	S0	10
340.50	340.5 OTHER OFFICE EQUIPMENT	SQ	10	10-SQ	SQ	10	10-SQ	SQ	10	SQ	10
	TOTAL ACCOUNT 340.X										
	341.X TRANSPORATION EQUIPMENT										
341.10	341.1 NOT CLASSIFIED	L2.5	10	10-L2.5	L2.5	10	7-L3	L3	7	L2.5	10
341.20	341.2 LIGHT DUTY TRUCKS	L2.5	10	10-L2.5	L2.5	10	7-L3	L3	7	L2.5	10
341.30	341.3 EQUIPMENT	L2.5	10	10-L2.5	L2.5	10	7-L3	L3	7	L2.5	10
341.40	341.4 AUTOS	L2.5	10	10-L2.5	L2.5	10	7-L3	L3	7	L2.5	10
341.50	341.5 OTHER	L2.5	10	10-L2.5	L2.5	10	7-L3	L3	7	L2.5	10
	TOTAL ACCOUNT 341.X										
342.00	342.00 STORES EQUIPMENT	SQ	20	20-SQ	SQ	20	20-SQ	SQ	20	SQ	20
343.00	343.00 TOOLS AND WORK EQUIPMENT	SQ	20	20-SQ	SQ	20	20-SQ	SQ	20	SQ	20
344.00	344.00 LABORATORY EQUIPMENT	SQ	20	20-SQ	SQ	20	20-L0.5	L0.5	20	SQ	20
345.00	345.00 POWER OPERATED EQUIPMENT	S0.5	21	21-S0.5	S0.5	21	19-S0.5	S0.5	19	S0.5	21
	346.X COMUNICATION EQUIPMENT										
346.10	346.1 EQUIPMENT	SO	15	15-SO	SO	15	15-SQ	SQ	15	SO	15
346.20	346.2 NON-TELEPHONE	SQ	15	15-SQ	SQ	15	15-SQ	SQ	15	SQ	15
346.30	346.3 REMOTE CONTROL AND INSTRUMENTATION	SQ	10	10-SQ	SQ	10	10-SQ	SQ	10	SQ	10
346.40	346.4 TELEPHONE	SQ	10	10-SQ	SQ	10	10-SQ	SQ	10	SQ	10
	TOTAL ACCOUNT 346.X										
347.00	347.00 MISCELLANEOUS EQUIPMENT	SQ	25	25-SQ	SQ	25	25-SQ	SQ	25	SQ	25
348.00	348.00 OTHER TANGIBLE EQUIPMENT	SQ	25	25-SQ	SQ	25	25-SQ	SQ	25	SQ	25

Q. Why are those parameters appropriate?

A. Those parameters are appropriate because the parameters reflect the actual service life experienced by PAWC in serving water customers in the Commonwealth of Pennsylvania and which were adjudicated by the PUC in the 2017 General Rate Cases and the 2020 General Rate Cases (Docket Nos. R-2020-3019369 and R-2020-30193371). The parameters in the following table also reflect WADS Consultants' experience of the survival / retirement characteristics of normal and functional service lives of water properties:

Pennsylvania American Water Company (PAWC)
Indian Creek Valley Water Authority
Water System
Investor-Owned Utility
May 30, 2025

Summary of Account Costing and Depreciation Parameters Used in the Depreciation Original Cost and the Depreciated Replacement Cost New Studies

(1)	(2)	(4)		(5)	(6)	
		(4a)	(4b)		(6a)	(6b)
Account Number	Description	Iowa Survivor / Retirement Curve	Normal Service Life	Economic Obsolescence	Tax Depreciation	
			years	% of CORLD	Table	Life
303.00	Land and Land Rights	ZNonDep	0.00	36.04%	MACRS	0.00
304.20	POWER AND PUMING STRUCTURES	R1.5	60.00	36.04%	MACRS	25.00
304.30	PURIFICATION and TREATMENT BUILDINGS	R2.5	55.00	36.04%	MACRS	25.00
304.50	OFFICE BUILDINGS	R1.5	50.00	36.04%	MACRS	25.00
310.00	POWER GENERATION EQUIPMENT	S1.0	35.00	36.04%	MACRS	25.00
311.00	SOURCE OF SUPPLY, PUMPING & TREATMENT EQUIPMENT	S1.0	39.00	36.04%	MACRS	25.00
320.00	TREATMENT & PURIFICATION SYSTEMS	S1.0	50.00	36.04%	MACRS	25.00
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	R3.0	65.00	36.04%	MACRS	25.00
331.00	MAINS AND ACCESSORIES	R2.0	90.00	36.04%	MACRS	25.00
333.00	SERVICES	R2.5	65.00	36.04%	MACRS	25.00
334.00	METERS AND METER INSTALLATIONS	L1.5	20.00	36.04%	MACRS	20.00
335.00	HYDRANTS	R2.0	60.00	36.04%	MACRS	25.00
340.00	OFFICE FURNITURE AND EQUIPMENT	R2.5	15.00	36.04%	MACRS	15.00
341.00	TRANSPORATION EQUIPMENT	L2.5	10.00	36.04%	MACRS	10.00
343.00	TOOLS AND WORK EQUIPMENT	R2.5	20.00	36.04%	MACRS	20.00
344.00	LABORATORY EQUIPMENT	R2.5	20.00	36.04%	MACRS	20.00
345.00	POWER OPERATED EQUIPMENT	R2.5	21.00	36.04%	MACRS	21.00
346.00	COMUNICATION EQUIPMENT	R2.5	15.00	36.04%	MACRS	15.00

Also, due the age of Indian Creek Valley Water Authority's early property installations the maximum depreciation was limited to 85% of the cost new.

Q. What was the result of the application of the depreciation parameters to the previously described replacement cost new of $60,489,847?

A. With the application of the above-described depreciation parameters, the replacement cost new of $99,747,904 results in a replacement cost new less depreciation of $60,489,847 determined as follows:

Pennsylvania American Water Company (PAWC)									
Indian Creek Valley Water Authority									
Water System									
Investor-Owned Utility									
As of May 30, 2025									
Replacement Cost New less Depreciation (RCNLD)									
(18)	(19)	(21)	(22)	(23)	(24)	(28)	(29)	(30)	(31)
Account	Description	Age at May 30, 2025 Appraisal Date	Replacement Cost New (COR)	Retirement Dispersion Iowa-type	Normal Service Life (NSL)	Normal Remaining Life	Total Life Expectancy	Condition	Preliminary Cost Approach (COR less Normal Depreciation)
		years	COR $s		years	years	years	% of COR	CORLD $s
Input	Input	Calculation	Calculation	Input	Input	Calculation	Calculation	Calculation	Calculation
Eng Assmnt	Indian Creek Valley Water Authority		Col (16)	AUS Input	AUS Input		Col (21) + (28)	Col (28) / (29)	Col (22) * (30)
Account	Description	Age	RCN	Iowa	NL	Rem Life	Total Life	Condition	CORLD
303.00	Land and Land Rights	7.89	1,428,678	ZNonDep	-	-	-	-	1,428,678
304.20	Stuctures & Improvements - General	26.90	1,999,186	R1.5	60.00	39.40	66.30	60.00	1,193,982
304.30	PURIFICATION and TREATMENT BUILDINGS	35.87	5,844,564	R2.5	55.00	25.76	61.63	55.00	2,528,254
304.50	OFFICE BUILDINGS	1.75	353,260	R1.5	50.00	48.36	50.11	50.00	340,923
310.00	POWER GENERATION EQUIPMENT	19.75	37,541	S1.0	35.00	18.98	38.73	35.00	18,397
311.00	SOURCE OF SUPPLY, PUMPING & TREATMENT EQUIPMENT	37.97	1,065,423	S1.0	39.00	13.69	51.66	39.00	302,057
320.00	TREATMENT & PURIFICATION SYSTEMS	19.42	9,008,869	S1.0	50.00	33.22	52.63	50.00	5,748,160
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	28.19	14,097,123	R3.0	65.00	39.18	67.36	65.00	8,262,243
331.00	MAINS AND ACCESSORIES	32.08	51,411,943	R2.0	90.00	62.89	94.97	90.00	34,195,839
333.00	SERVICES	37.72	5,389,520	R2.5	65.00	32.75	70.47	65.00	2,524,989
334.00	METERS AND METER INSTALLATIONS	8.23	1,753,114	L1.5	20.00	15.03	23.26	20.00	1,273,624
335.00	HYDRANTS	34.25	2,584,256	R2.0	60.00	32.42	66.66	60.00	1,272,520
340.00	OFFICE FURNITURE AND EQUIPMENT	15.88	232,513	R2.5	15.00	4.34	20.22	15.00	62,654
341.00	TRANSPORATION EQUIPMENT	9.38	447,630	L2.5	10.00	1.50	10.88	10.00	82,579
343.00	TOOLS AND WORK EQUIPMENT	13.41	218,194	R2.5	20.00	10.04	23.45	20.00	105,030
344.00	LABORATORY EQUIPMENT	6.12	158,193	R2.5	20.00	14.44	20.57	20.00	111,486
345.00	POWER OPERATED EQUIPMENT	11.14	657,989	R2.5	21.00	11.57	22.70	21.00	343,560
346.00	COMUNICATION EQUIPMENT	8.00	1,059,908	R2.5	15.00	9.94	17.94	15.00	694,872
Grand Total		**29.38**	**97,747,904**		**72.45**	**47.65**	**76.91**	**0.62**	**60,489,847**

The above replacement cost new less depreciation represents the preliminary cost approach conclusion which was tested for economic obsolescence based on the results of the income and market approaches which will be described in the remainder of this testimony. The income approach value conclusion of $38,944,750 and the market approach conclusion of $38,432,673 for the Indian Creek Valley Water Authority's future water system compared

to the preliminary cost approach conclusion of $60,489,847 indicates 36.04% external obsolescence exists in the cost approach conclusion of $38,688,712 detailed as follows:

Indian Creek Valley Water Authority		
Water System		
Investor-Owned Utility		
As of May 30, 2025		
	Depreciated Replacement Cost (RCNLD)	
	Column Reference in RCNLD	Amount in $s
Depreciation Replacement Cost (CORLD)		
Tangible Assets		
Original Cost (OC)	(9)	33,029,748
Replacement Cost New (RCN)	(16)	97,747,904
Replacement Cost New less Depreciation (RCNLD)	(31)	60,489,847
Intangible Assets		
Original Cost (OC)		
Replacement Cost New (RCN)		
Replacement Cost New less Depreciation (RCNLD)		
Tangible + Intangible Assets		
Original Cost (OC)		33,029,748
Replacement Cost New (RCN)		97,747,904
Replacement Cost New less Depreciation (RCNLD)		60,489,847
Economic Obsolescence (EO)		
Purchase Price (Asset Purchase Agreement)		32,800,000
Income Approach		38,944,750
Market Approach		38,432,673
Economic Indicator		38,688,712
Preliminary CORLD (Tangible + Intangible)		60,489,847
Economic Obsolescence (EO $s)		(21,801,135)
EO % of Preliminary RCNLD		-36.04%
CORLD adjusted for Economic Obsolescence		
Tangible Asets		38,688,712
Intangible Assets		-
Total Assets		38,688,712
Cost Approach Conclusion		
Fair Market Vaue (FMV)	(41)	38,688,712

These results are detailed in the Application **Appendix A-5.1** (WADS Appraisal) under the Cost Approach section.

Q. Did WADS Consultants also prepare a Depreciated Original Cost (DOC) estimate in your appraisal workpapers?

A. Yes, I utilized the original cost based on the previously described Engineers Assessment in developing an estimate of the DOC, using the same depreciation lives and methods as were used in the development of the replacement cost less depreciation. The Depreciated Original Cost was determined to be $22,911,559 as follows:

Pennsylvania American Water Company (PAWC)
Indian Creek Valley Water Authority
Water System
Investor-Owned Utility
As of May 30, 2025

Determination of the Depreciated Original Cost

(43)	(44)	(46)	(47)	(48)	(49)	(53)	(54)	(55)	(56)	(57)
Account	Description	Original Costs	Retirement Dispersion Iowa-type	Normal Service Life (NSL)	Age at May 30, 2025 Appraisal Date	Normal Remaining Life	Total Life Expectancy	Theoretical Reserve Percent	Theoretical Reserve	Depreciated Original Cost
Input	Input	Input	Input	Input	Calculation	Calculation	Calculation	Calculation	Calculation	Calculation
AUS Input	Eng Assmnt	Eng Assmnt	AUS Input	AUS Input			Col (46) + (53)	Col (53) / (54)	Col (46) * (55)	Col (46) - (56)
Acct	Descrip	Original Cost	Iowa	Normal Life	age	Rem Life	Total Life	Theo%	Theo Reserve	Net Book
303.00	Land and Land Rights	1,227,815	ZNonDep	-	6.94	-	-	0.00%	-	1,227,815
304.20	POWER AND PUMING STRUCTURES	700,198	R1.5	60.00	25.46	40.36	65.82	39.00%	269,666	430,532
304.30	PURIFICATION and TREATMENT BUILDINGS	1,653,796	R2.5	55.00	26.89	32.16	59.05	44.00%	733,987	919,809
304.50	OFFICE BUILDINGS	340,000	R1.5	50.00	1.75	48.36	50.11	3.00%	11,873	328,127
310.00	POWER GENERATION EQUIPMENT	24,345	S1.0	35.00	19.75	18.98	38.73	51.00%	12,414	11,931
311.00	SOURCE OF SUPPLY, PUMPING & TREATMENT EQUIPMENT	180,748	S1.0	39.00	28.98	18.89	47.87	57.00%	102,743	78,005
320.00	TREATMENT & PURIFICATION SYSTEMS	3,591,960	S1.0	50.00	15.70	36.04	51.75	30.00%	1,073,727	2,518,233
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	3,380,820	R3.0	65.00	20.03	46.47	66.50	30.00%	1,003,434	2,377,386
331.00	MAINS AND ACCESSORIES	16,377,300	R2.0	90.00	26.72	67.21	93.93	28.00%	4,610,177	11,767,123
333.00	SERVICES	1,371,740	R2.5	65.00	34.02	35.57	69.59	49.00%	665,924	705,816
334.00	METERS AND METER INSTALLATIONS	1,126,453	L1.5	20.00	4.16	16.74	20.90	17.00%	196,832	929,621
335.00	HYDRANTS	623,470	R2.0	60.00	29.28	35.97	65.26	44.00%	276,367	347,103
340.00	OFFICE FURNITURE AND EQUIPMENT	181,385	R2.5	15.00	15.30	4.57	19.88	72.00%	129,951	51,434
341.00	TRANSPORATION EQUIPMENT	384,473	L2.5	10.00	9.10	1.50	10.60	81.00%	312,767	71,706
343.00	TOOLS AND WORK EQUIPMENT	139,032	R2.5	20.00	12.00	10.79	22.79	48.00%	66,974	72,058
344.00	LABORATORY EQUIPMENT	115,438	R2.5	20.00	5.93	14.61	20.54	29.00%	33,067	82,371
345.00	POWER OPERATED EQUIPMENT	441,420	R2.5	21.00	10.83	11.76	22.60	47.00%	206,551	234,869
346.00	COMUNICATION EQUIPMENT	1,169,355	R2.5	15.00	8.32	9.82	18.14	35.00%	411,735	757,620
Grand Total		**33,029,748**		**67.17**	**22.15**	**48.46**	**70.35**	**30.63%**	**10,118,189**	**22,911,559**

Market Approach

Q. Regarding your application of the market approach, what methods did you use to determine the market approach result?

A. I used the comparable sales of water and wastewater properties in the Commonwealth of Pennsylvania subsequent to the passage of Section 1329 and financial market value ratios

of publicly traded water and wastewater companies as reported in the April 4, 2025, issue of Value Line Investment Survey.

Q. What assumptions, analyses, and/or adjustments did you make under each method?

A. Under the comparable sales method, it is my opinion that sales amount to depreciated replacement cost is the best indicator in arriving at the appraised value of physical assets operating as a water production, treatment, and distribution system. Under the financial ratios method, I believe that an accurate result depends on using the weighted mean of the ratio of the market debt and equity to book debt and equity.

Q. What were the results of each analysis you performed?

A. The comparable sales analyses are detailed as follows:

Pennsylvania American Water Company (PAWC)							
Indian Creek Valley Water Authority							
Water Treatment and Distribution System							
Investor-Owned Utility							
As of May 30, 2025							
Comparable Sales Approach							
Market Sales Data							
Central Tendancy and Reliability Analysis							
Market Sales Analysis - PP/OCLD			**Market Sales Analysis - PP/CORLD**				
	Simple			Simple			
All Section 1329 Acquistions			All Section 1329 Acquistions				
Mean	1.9340		Mean	0.8266			
Median	0.8983		Median	0.8951			
Count	27		Count	27			
Water Treatment & Distribution			Water Treatment & Distribution				
Mean	1.4354		Mean	0.7686			
Count	3		Median	3			
Water Distribution			Water Distribution				
Mean	1.3500		Mean	0.5320			
Count	1		Count	1			
Wastewater Collection & Treatment			Wastewater Collection & Treatment				
Mean	1.7972		Mean	0.853616667			
Count	16		Count	16			
Wastewater Collection			Wastewater Collection				
Mean	1.8733		Mean	0.807733333			
Count	7		Count	7			
Wastewater Treatment Only			Wastewater Treatment Only				
Mean	-0.076066667		Mean	0.045883333			
Count	Calculated		Count	Calculated			
AUS Conclusion	1.4354	AUS Input	AUS Conclusion	0.7686	AUS Input		
Indian Creek Valley Water Authority OCLD	22,911,559	Cost Approach - OCLD	Indian Creek Valley Water Authority CORLD	60,489,847	Cost Approach - CORLD		60,489,847
Market Value Indication	**32,887,252**		**Market Value Indication**	**46,492,496**			46,492,496

Pennsylvania American Water Company (PAWC)							
Indian Creek Valley Water Authority							
Water Treatment and Distribution System							
Investor-Owned Utility							
As of May 30, 2025							
Comparable Sales Approach							
Market Sales Analysis - PP/Customer			**Financial Basis[1]**				
	Weighted		Financial Markets	Market Value per Share to Book Value per Share			
All Section 1329 Acquistions							
Mean	8,798		Market to Book (equity)	2.04			
Median	8,485		Market to Book (equity and debt)	1.65			
Count	27						
Water Treatment and Distribution			Use (equity and debt)	1.65	AUS Input		
Mean	6,157						
Count	3						
Water Distribution							
Mean	3,992						
Count	1						
Wastewater Collection & Treatment							
Mean	10,410						
Count	16						
Wastewater Collection							
Mean	6,268						
Count	7						
Watewater Treatment Only							
Mean	4,142						
Count	Calculated						
Conclusion							
Indian Creek Valley Water Authority Customers	2,664	AUS Input	Indian Creek Valley Water Authority OCLD	22,911,559	Cost Approach - OCLD		
Water Treatment and Distribution $PP/Customer	6,157	AUS Input					
Collection and Treatement Customers Market Value Indication	**16,402,248**		**Market Value Indication**	**37,804,073**			
Treatement Only Market Value Indication							
Treatment Only PP/customer	-	AUS Input					
Treatment Only Customers	-	AUS Input					
Market Value Indication Treatment Only	-						
Total Market Value Indication	**16,402,248**						

Pennsylvania American Water Company (PAWC)							
Indian Creek Valley Water Authority							
Water Treatment and Distribution System							
Investor-Owned Utility							
As of May 30, 2025							
Market Sales Analysis - PP/Cash Flows (EBITDA Period 1-5)			**Market Sales Analysis - PP/Cash Flows (EBITDA Period 1-13)**				
	Simple			Simple			
All Section 1329 Acquistions			All Section 1329 Acquistions				
Mean	17.2840		Mean	12.8544			
Median	17.1777		Median	12.1359			
Count	27		Count	27			
Water Treatment and Distribution			Water Treatment and Distribution				
Mean	14.9426		Mean	10.5048			
Count	3		Count	3			
Water Distribution			Water Distribution				
Mean	20.2409		Mean	13.5898			
Count	1		Count	1			
Wastewater Collection & Treatment			Wastewater Collection & Treatment				
Mean	17.1735		Mean	13.2584			
Count	16		Count	16			
Wastewater Collection			Wastewater Collection				
Mean	17.8783		Mean	12.7001			
Count	7		Count	7			
Watewater Treatment Only			Watewater Treatment Only				
Mean	(0.70)		Mean	0.56			
Count	Calculated		Count	Calculated			
Conclusion	14.9426	AUS Input	Conclusion	10.5048	AUS Input		
Indian Creek Valley Water Authority Cash Flows	1,820,229	Income Approach	Indian Creek Valley Water Authority Cash Flows	2,510,455	Income Approach		
Water Treatment and Distribution	14.94		Water Treatment and Distribution	10.50			
Market Value Indication	**27,198,978**			**26,371,954**			

Q. What was your market approach result?

A. I used the average results of $38,432,673 because I believe it represents an accurate assessment and it was based on the relationship of market comparable sales to all of the comparable sales indicators. These results are detailed in the Application **Appendix A-5.1** (WADS Appraisal) under the Market Approach section.

Pennsylvania American Water Company (PAWC)		
Indian Creek Valley Water Authority		
Water Treatment and Distribution System		
Investor-Owned Utility		
As of May 30, 2025		
Summary of Market Analyses		
Indicators		
OCLD	32,887,252	Use
CORLD	46,492,496	Use
Customers	16,402,248	
Cash Flows		
EBITDA Periods 1-5	27,198,978	
EBITDA Periods 1-13	26,371,954	
Value Line	37,804,073	Use
Mean	39,061,274	
Median	37,804,073	
Conclusion	**38,432,673**	

Q. What comparable transactions or comparable sales did you evaluate to develop your market approach?

A. I examined the following transactions to develop the result of my market approach:

RowID	Pennsylvania Public Utility Commission Case	Approximate Date	Buyer	Seller	AUS Consultants (AUS) or Weinert Appraisal and Depreciation Services, LLC (WAD)	Type of Purchase Process	County	Type of Facility
1	A-2017-2606103	9/1/2016	PA American Water	City of McKeesport	AUS for PAWC		Allegheny	Wastewater Collection and Treatment
2	A-2016-2580061	8/1/2016	Aqua PA	New Garden Twp. SA	AUS for Seller		Chester	Wastewater Collection and Treatment
3	A-2017-2605434	11/16/2016	Aqua PA	Limerick Township			Montgomery	Wastewater Collection and Treatment
4	A-2018-3001582	12/10/2017	Aqua PA	East Bradford Township	AUS for Seller		Chester	Wastewater Collection and Treatment
5	A-2018-3003519	4/20/2018	SUEZ	Mahoning		Competitive 2 bidders	Carbon	Water Distribution
6	A-2018-3003517	4/20/2018	SUEZ	Mahoning		Competitive 2 bidders	Carbon	Wastewater Collection
7	A-2019-3008491	6/1/2018	Aqua PA	Cheltenham	AUS for Seller	Competitive 3 bidd	Montgomery	Wastewater Collection
8	A-2019-3006880	11/14/2018	PA American Water	Steelton	AUS for PAWC	Competitive 4 bidd	Dauphin	Water Treatment and Distribution
9	A-2018-3002437	1/1/2017	PA American Water	Sadsbury	AUS for PAWC		Chester	Wastewater Collection
10	A-2018-3004933	5/28/2018	PA American Water	Exeter	AUS for PAWC		Berks	Wastewater Collection and Treatment
11	A-2019-3009052	10/29/2018	Aqua PA	East Norriton	AUS for Seller	Competitive 3 bidd	Montgomery	Wastewater Collection
12	A-2019-3014248	9/30/2018	PA American	Kane	AUS for PAWC		McKean	Wastewater Collection and Treatment
13	A-2020-3019634	12/10/2019	PA American	Royersford	AUS for PAWC		Montgomery	Wastewater Collection and Treatment
14	A-2020-3019859	12/17/2019	PA American	Valley	AUS for PAWC		Chester	Water Treatment and Distribution
15	A-2020-3014248	12/17/2019	PA American	Valley	AUS for PAWC		Chester	Wastewater Collection
16	A-2019-3015173	12/31/2019	Aqua PA	Delaware County Regional Water Quality Authority (DELCORA)			Delaware	Wastewater Collection and Treatment
17	A-2020-3021460	4/28/2020	PA American Water	Upper Pottsgrove	AUS for PAWC	Competitive 2 bidders PAWC & Aqua	Montgomery	Wastewater Collection
18	A-2021-3024267	9/17/2020	Aqua PA	Lower Makefield	AUS for Seller	Competitive 3 bidders 2 IOUs AQUA & PAWC & 1 Muni	Bucks	Wastewater Collection and Treatment
19	A-2021-3026132	1/8/2021	Aqua PA	East Whiteland Township	AUS for Seller		Chester	Wastewater Collection and Treatment
20	A-2021-3027268	1/20/2021	Aqua PA	Willistown Township	AUS for Seller		Chester	Wastewater Collection and Treatment
21	A-2021-3024681	4/6/2021	PA American Water	City of York	AUS for PAWC		York	Wastewater Collection and Treatment
22	A-2022-3033138		Aqua PA	City of Beaver Falls				Wastewater Collection and Treatment
23	A-2022-3034143	7/8/2022	Aqua PA	Municipal Authority of the Borough of Shenandoah				Water Treatment and Distribution
24	A-2021-3024058	1/1/2023	PA American Water	Borough of Brentwood	WAD for PAWC			Wastewater Collection
25	A-2022-3037047	10/11/2022	PA American Water	Butler Area Sewer Authority	WAD for PAWC			Wastewater Collection and Treatment
26	A-2023-3041695		Aqua PA	Greenville sewage Authority				Wastewater Collection and Treatment
28	A-2023-3038717	1/24/2023	PA American Water	Elizabeth Borough Municipal Authority	WAD for PAWC		Allegheny	Wastewater Collection and Treatment
	End of Section 1329 Data							
					Count 19			Wastewater Collection and Treatment
								Wastewater Collection
								Water Treatment and Distribution
								Water Distribution
								All section 1329
								Mean

Income Approach

Q. Regarding your application of the income approach, what method did you use to determine the income approach result?

A. I used the discounted cash flow method.

Q. What assumptions did you employ to develop your income approach result?

A. Under the income approach, it is my opinion that the results of the future operations of the Indian Creek Valley Water Authority's Water Production, Treatment, and Distribution System must be considered. I believe that an accurate result depends on adjusting recent results of the systems operation to better reflect how those results will migrate over future periods under the operation as a rate regulated water system regulated by the PUC.

Q. What discount rate did you use to calculate your income approach?

A. I used a discount rate of 8.22% and 5.08% capitalization rate.

Q. Please explain how you developed the discount rate.

A. In each case, the discount rate was a market discount rate at the appraisal date and was determined using the weighted average cost of capital ("WACC") of both debt and equity. The inputs to the WACC determination, capital structure, cost of debt, cost of equity, and income tax rate (state and federal) were determined based on an analysis of Value Line Investment Surveys and past Ibbotson Stock, Bonds, Bills, and Inflation ("Ibbotson SBBI") updated to 2025 Edition by WADS Consultants. The cost of debt was determined at April 4, 2025, based on the Mergent Bond Record publication. The cost of equity was based on

the capital asset pricing model ("CAPM") and the Dividend Growth Model ("DGM"), two recognized cost of equity estimating models and the PUC's Bureau of Technical Utility Services' Report on Quarterly Earnings of Jurisdictional Utilities for Year-ending March 31, 2025. The above-described data for the Indian Creek Valley Water Authority's appraisal can be found in the exhibits to my appraisal report in the section entitled Cost of Capital / Required Return.

Q. What capital structure inputs differ from those identified in capital structure set forth earlier in your testimony?

A. None. As described in the previous discussion of the capital structure, we utilized a market required capital structure based on analysis of the water / wastewater industry's market capital structure as defined by analysis of market financials as published in Value Line Investment Survey (April 4, 2025). The theory in appraisal is to estimate the value of a property in an arm's length transaction wherein the purchaser finances the purchase with capital (debt and equity) available in the financial markets at the appraisal date. Those are the current (appraisal date) financial markets.

Q. What is the source and basis of the alternative input you propose in the income approach?

A. As discussed above, we used Value Line Investment Survey to develop a market required capital structure. Please see Application **Appendix A-5.1** (WADS Appraisal) Income Approach section for the cost of capital of the Income Approach and Cost of Capital / Required Return section for the basis of the Cost of Capital / Required Return.

Q. If you used a terminal value in your discounted cash flow analysis what is the number of years over which the cash flows are considered?

A. I considered those cash flows over 19 periods with period 20 representing all future periods.

Q. What is the basis for using this number of years?

A. It is my opinion that the use of 19 periods is a reasonable number of periods for the forecast revenues and expenses to stabilize.

Q. What is your Income Approach conclusion?

A. WADS Consultants' income approach conclusion was determined to be $38,944,750 detailed as follows:

Pennsylvania American Water Company (PAWC)
Indian Creek Valley Water Authority
Water System
Potential Purchaser: Investor-Owned Utility
As of May 30, 2025
Discounted Cash Flow Analysis

Discount Rate:			8.22%										
Capitalization Rate:			5.08%										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Period	Age	Revenues	O&M Expenses	Tax Depreciation	Cash Flow from Operations	Taxable Income before State & Federal Taxes	State and Federal Taxes @ 28.89%	Capital Expenditures	Change in Working Capital	Net Cash Flows	Period Present Worth Factor (PW)	PW of Cashflow	Accumulated PW of Cashflows
					(3)-(4)	(6)-(5)	(7) *28.89%			(3)-(4)-(8)-(9)-(10)		(11)*(12)	Sum (13)
1	0.5	2,797,040	2,101,088	1,363,222	695,952	(667,270)	(192,774)	925,562	-	(36,836)	0.961	(35,399)	(35,399)
2	1.5	3,915,856	2,060,504	1,396,838	1,855,353	458,515	132,465	940,111	75,054	707,723	0.888	628,458	593,059
3	2.5	3,915,856	2,039,427	1,431,576	1,876,429	444,853	128,518	954,871	-	793,040	0.821	651,086	1,244,145
4	3.5	5,090,613	2,025,634	1,467,464	3,064,979	1,597,515	461,522	969,862	78,806	1,554,789	0.758	1,178,530	2,422,675
5	4.5	5,090,613	2,007,116	1,504,532	3,083,497	1,578,965	456,163	985,100	-	1,642,234	0.701	1,151,206	3,573,881
6	5.5	6,363,266	2,012,929	1,542,806	4,350,337	2,807,531	811,096	1,000,581	85,374	2,453,286	0.648	1,589,730	5,163,611
7	6.5	6,363,266	2,012,308	1,443,214	4,350,958	2,907,743	840,047	527,060	-	2,983,851	0.598	1,784,343	6,947,954
8	7.5	6,999,593	2,008,475	1,460,742	4,991,118	3,530,376	1,019,926	531,013	42,687	3,397,492	0.553	1,878,813	8,826,767
9	8.5	6,999,593	2,001,761	1,478,564	4,997,832	3,519,267	1,016,716	534,996	-	3,446,120	0.511	1,760,967	10,587,734
10	9.5	7,419,569	2,002,281	1,496,687	5,417,288	3,920,601	1,132,661	539,009	28,173	3,717,445	0.472	1,754,634	12,342,368
11	10.5	7,419,569	2,001,208	1,474,406	5,418,361	3,943,955	1,139,408	543,049	-	3,735,904	0.436	1,628,854	13,971,222
12	11.5	7,864,743	2,002,228	1,492,466	5,862,515	4,370,050	1,262,507	547,124	29,864	4,023,020	0.403	1,621,277	15,592,499
13	12.5	7,864,743	2,004,350	1,510,820	5,860,393	4,349,573	1,256,592	551,227	-	4,052,574	0.373	1,511,610	17,104,109
14	13.5	8,336,628	2,006,353	1,529,476	6,330,275	4,800,799	1,386,951	555,361	31,655	4,356,308	0.344	1,498,570	18,602,679
15	14.5	8,336,628	2,011,409	1,548,438	6,325,219	4,776,781	1,380,012	559,527	-	4,385,680	0.318	1,394,646	19,997,325
16	15.5	8,836,826	2,042,759	1,509,980	6,794,067	5,284,087	1,526,573	563,725	33,556	4,670,213	0.294	1,373,043	21,370,368
17	16.5	8,836,826	2,082,521	1,528,735	6,754,305	5,225,570	1,509,667	567,950	-	4,676,688	0.272	1,272,059	22,642,427
18	17.5	9,367,036	2,120,360	1,547,793	7,246,676	5,698,883	1,646,407	572,211	35,568	4,992,490	0.251	1,253,115	23,895,542
19	18.5	9,367,036	2,156,083	1,567,154	7,210,953	5,643,799	1,630,494	576,501	-	5,003,958	0.232	1,160,918	25,056,460
20 and beyond	19.5	9,929,058	2,200,767	1,586,825	7,728,291	6,141,466	1,774,270	580,825	37,702	5,335,494	2.603	13,888,290	38,944,750
								13,525,665					
Age				19.5									
PW(Age) = 1/(1+Discount Rate)$^{(Age)}$				0.214				Net Plant		30,132,352			
PW to Perpetuity = 1/Capitalization Rate				12.165				ADIT		(3,962,813)			
$PW_{(20and Beyond)}$ = PW to Perpetuity * PW Factor$_{(19.5)}$				2.603				Rate Base		26,169,539	0.214	5,600,281	30,656,741
								Annual Plant Construction Inflation Rate		0.0422	Input		
								Plant Inflation over 19.5 years		59,816,011	0.214	12,800,626	37,857,086
								PP	32,800,000				
								OCLD	22,911,559				
								PP/OCLD	1.432				
								RCNLD	60,489,847				
								RCNLD/PP		1.844202652			
										48,261,933.38	0.214	10,328,054	35,384,514
								Average					35,710,773

These results are detailed in the Application **Appendix A-5.1** (WADS Appraisal) under the Income Approach section.

Q. What number of Selling Utility customers or equivalent dwelling units did you use to value the Seller's system and how did you develop that number?

A. I used 2,664 customers, based on a customer listing provided by Indian Creek Valley Water Authority in developing the forecasted revenues and expenses. I also used past and budgeted results from operations to establish forecasted operating results.

Q. Does this conclude your direct testimony?

A. It does. However, by filing this direct testimony I understand that I may have the opportunity to submit additional testimony responsive to challenges to my appraisal.

Curriculum Vitae (CV) of Jerome C. Weinert

Mr. Weinert is currently the Principal and Owner of Weinert Appraisal and Depreciation Services, LLC (WADS Consultants) a Wisconsin limited partnership established in August of 2022. He has fifty-three (2025-1972) years' experience in valuation and depreciation consulting and management. A partial list of services provided includes valuations and depreciation studies

Prior to WADS Consultants Mr. Weinert was a Principal and Director of AUS Consultants, Depreciation and Valuation. AUS, with offices across the country, has provided consulting services to the regulated utility industry nationally for over thirty-nine years.

Prior to joining AUS in 1987, Mr. Weinert was employed by American Appraisal Associates, Inc. (American) for sixteen years in their Regulated Industries Group. He held various positions at American, the last being supervising appraiser. Among his other valuation responsibilities, he directed the firm's utility industry capital recovery studies and AUS Consultant's valuation of communication company assets and businesses.

Mr. Weinert graduated from the Milwaukee School of Engineering with a Bachelor of Science degree in Mechanical Engineering and received a master's in business administration from Marquette University. He was a registered professional engineer (1976) (by examination) in the state of Wisconsin through July 2025 as well as a senior member (1982) of the American Society of Appraisers in the public utility valuation field through 2025. This latter designation is obtained by written examination primarily in the areas of utility valuation, depreciation, and the economics of regulated firms. He was also a Certified Depreciation Professional (1997) (CDP) through 2025 and founding member of the Society of Depreciation Professionals and the Society's 1995 President and sponsor of the Society's Certification and re-certification program as such Mr. Weinert developed these programs and oversaw their initial introduction into the Society. He also worked in conjunction with Society members in the development of the Society's training programs which as of 2003 has become the only such formalized depreciation training program in the North America and is an instructor in several of its courses.

During his professional career related to valuations and depreciation matters Mr. Weinert has testified before various courts and public service commissions on these subjects. He has also assisted numerous utilities in preparing capital recovery plans which specifically address the issues of plant replacement. Mr. Weinert has also presented expert testimony on valuation matters. Mr. Weinert has testified before the Pennsylvania Public Utility Commission on regulatory matters associated with Pennsylvania Section 1329 matters. On matters related to eminent domain issues, Mr. Weinert has presented expert testimony in the Massachusetts Superior Court, the Court of Common Pleas, Fayette County, Ohio, the New Hampshire Public Utilities Commission, the Twentieth Judicial Court (deposition only) in Charlotte County, Florida, the Nineteenth Judicial Circuit Court in St. Lucie County, Florida (deposition only). In regard to ad valorem taxation, Mr. Weinert has presented study results to the New York State Board of Equalization and Assessment (now the New York Office of Real Property Services (NY ORPS)), pertaining to useful life and net salvage values for all types of utility property subject to the Board's mass appraisal model. Mr. Weinert has appeared before the Valuation Adjustment Board in Florida for Duval, Hillsborough, Okeechobee, and Palm Beach counties, the Twelfth Judicial Circuit Sarasota County, Florida, the California Board of Equalization and Assessment, the Arizona Board of Assessment, the Missouri Board of Taxation, the Colorado and Texas Departments of Review, the Massachusetts Tax Appeal Court, the Superior Court of the State of Arizona in the County of Maricopa, the State Tax Appeal Board of the State of Montana, the New York City Tax Commission and the Public Utility Commission of Pennsylvania Section 1329 hearings (8).

Mr. Weinert has appeared before regulatory bodies in Alaska, Arkansas, Illinois, Indiana, Iowa, Missouri,

Nevada, Nebraska, North Carolina, Ohio, Oregon, Pennsylvania, and South Carolina in support of rate-base valuation determination and capital recovery. He has presented testimony on depreciation matters before the Canadian Radio-Television and Telecommunications Commission (CRTC) and the United States Federal Energy Regulatory Commission (FERC). In terms of water and wastewater acquisitions and applications for regulatory approval of rate base Mr. Weinert has testified for two investor-owned acquisitions of municipal wastewater authorities one representing the municipality and secondly for the acquiring investor-owned utility. He has submitted study results to the State Commissions of Alabama, Alaska, Arkansas, Idaho, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, North Carolina, Oregon, Pennsylvania, South Carolina, Washington, and Wisconsin, and the Federal Communications Commission.

Mr. Weinert has presented papers on valuation and depreciation topics to professional and utility industry trade organizations. He also directed AUS Consultants' semi-annual week-long depreciation training programs (1988-1997). These specialized training courses, offered at basic and advanced levels, teach depreciation study techniques to public utility and public service commission staff specialists. The training includes depreciation theory and concepts and hands-on experience with personal computer-based analytical depreciation programs.

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
2025				
Pennsylvania American Water Company	Rock Spring Water Company	2025	2025	Fair Market Value
New Jersey American Water Company	Borough of Hopewell, NJ Water System	2025	2025	Fair Market Value
Texas Water Utilities	Project Clifford	2025	2025	Fair Market Value
2024				
Lehigh County, PA Authority	Lehigh County	2024	2024	Bond Refinancing
Gainesville, FL Region Utilities	Telecommunications	2024	2024	Planning
Pennsylvania American Water Company	Elizabeth Borough Municipal Authority	2023	2024	Fair Market Value 1329
Pennsylvania American Water Company	East Coventry Township	2024	2024	Fair Market Value 1329
New Jersey American Water Company	Township of Shrewsbury, NJ	2024	2024	Fair Market Value
2023				
Verizon Business (formerly MCI)	North America	2022	2023	Ad Valorem Tax Appraisal
Verizon New York, Inc.	New York	2022	2023	Ad Valorem Tax Appraisal
Borough of Brentwood, PA Wastewater	Brentwood Wastewater	2023	2023	Fair Market Value 1329
2022				
AT&T Communications	North America	2021	2022	Ad Valorem Tax Appraisal
AT&T Communications	California	2021	2022	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2021	2022	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2021	2022	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2019	2020	Ad Valorem Tax Appraisal
Verizon New York, Inc.	New York	2019	2020	Ad Valorem Tax Appraisal
2021				
AT&T Communications	North America	2020	2021	Ad Valorem Tax Appraisal
AT&T Communications	California	2020	2021	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2020	2021	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2020	2021	Ad Valorem Tax Appraisal
Lower Makefield, PA	Lower Makefield Wastewater	2021	2021	Fair Market Value 1329
Cozen O'Connor Butler Area Sewer Authority, PA	Egg Harbor, NJ Water & BASA Wastewater	2021	2021	Fair Market Value 1329
2020				
AT&T Communications	North America	2019	2020	Ad Valorem Tax Appraisal
AT&T Communications	California	2019	2020	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2019	2020	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2019	2020	Ad Valorem Tax Appraisal
Verizon New York, Inc.	New York	2019	2020	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2019	2020	Ad Valorem Tax Appraisal
East Norriton Township, PA	East Norriton Wastewater	2019	2020	Fair Market Value 1329

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
Pennsylvania American Water Company	Kane Wastewater	2019	2020	Fair Market Value 1329
Pennsylvania American Water Company	Royersford Wastewater	2019	2020	Fair Market Value 1329
Pennsylvania American Water Company	Valley Wastewater	2019	2020	Fair Market Value 1329
Pennsylvania American Water Company	Valley Water	2019	2020	Fair Market Value 1329
Lehigh County Authority	Allentown Water & Sewer	2020	2020	Financing
Pennsylvania American Water Company	Upper Pottsgrove wastewater	2020	2020	Fair Market Value 1329
2019				
AT&T Communications	North America	2018	2019	Ad Valorem Tax Appraisal
AT&T Communications	California	2018	2019	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2018	2019	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2018	2019	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2018	2019	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2018	2019	Ad Valorem Tax Appraisal
Cheltenham Township, PA	Cheltenham Wastewater	2018	2019	Fair Market Value 1329
Pennsylvania American Water Company	Steelton Water	2018	2019	Fair Market Value 1329
Pennsylvania American Water Company	Exeter Wastewater	2018	2019	Fair Market Value 1329
2018				
AT&T Communications	North America	2017	2018	Ad Valorem Tax Appraisal
AT&T Communications	California	2017	2018	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2017	2018	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2017	2018	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2017	2018	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2017	2018	Ad Valorem Tax Appraisal
Level 3 Communications, LLC	North America	2017	2018	Ad Valorem Tax Appraisal
Level 3 Communications, LLC	California	2017	2018	Ad Valorem Tax Appraisal
CenturyLink Communications, LLC	North America	2017	2018	Ad Valorem Tax Appraisal
CenturyLink Communications, LLC	California	2017	2018	Ad Valorem Tax Appraisal
East Bradford Township, PA	East Bradford Wastewater	2018	2018	Fair Market Value 1329
Pennsylvania American Water Company	Sadsbury Wastewater	2017	2018	Fair Market Value Appraisal
Pennsylvania American Water Company	Kane Wastewater	2017	2018	Fair Market Value Appraisal
2017				
AT&T Communications	North America	2016	2017	Ad Valorem Tax Appraisal
AT&T Communications	California	2016	2017	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2016	2017	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2016	2017	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2016	2017	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2016	2017	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2016	2017	Ad Valorem Tax Appraisal
Level 3 Communications	North America	2016	2017	Ad Valorem Tax Appraisal
Level 3 Communications	California	2016	2017	Ad Valorem Tax Appraisal
Whitpain Township, PA	Whitpain Wastewater	2016	2017	Appraisal for Planning
Plymouth Township, PA	Plymouth Wastewater	2016	2017	Appraisal for Planning
East Norriton Township, PA	East Norriton Wastewater	2016	2017	Appraisal for Planning
Pennsylvania American Water Company	Sadsbury Wastewater	2016	2017	Fair Market Value Appraisal
Pennsylvania American Water Company	McKeesport Wastewater	2016	2017	Fair Market Value Appraisal
Intermountain Gas Company	Idaho	2016	2017	Depreciation Study

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
2016				
AT&T Communications	North America	2015	2016	Ad Valorem Tax Appraisal
AT&T Communications	California	2015	2016	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2015	2016	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2015	2016	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2015	2016	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2015	2016	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2015	2016	Ad Valorem Tax Appraisal
Level 3 Communications	North America,	2015	2016	Ad Valorem Tax Appraisal
Level 3 Communications	California	2015	2016	Ad Valorem Tax Appraisal
New Garden Township, PA	New Garden Wastewater	2016	2016	Fair Market Value Appraisal
2015				
AT&T Communications	North America	2014	2015	Ad Valorem Tax Appraisal
AT&T Communications	California	2014	2015	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2014	2015	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2014	2015	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2014	2015	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2014	2015	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2014	2015	Ad Valorem Tax Appraisal
Level 3 Communications	North America,	2014	2015	Ad Valorem Tax Appraisal
Level 3 Communications	California	2014	2015	Ad Valorem Tax Appraisal
Verizon Wireless	Nationwide	2014	2015	Ad Valorem Tax Appraisal
2014				
AT&T Communications	North America	2013	2014	Ad Valorem Tax Appraisal
AT&T Communications	California	2013	2014	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2013	2014	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2013	2014	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2013	2014	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2013	2014	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2013	2014	Ad Valorem Tax Appraisal
Level 3 Communications	North America,	2013	2014	Ad Valorem Tax Appraisal
Level 3 Communications	California	2013	2014	Ad Valorem Tax Appraisal
Cascade Natural Gas Corporation	Oregon & Washington	2013	2014	Depreciation Study
Intermountain Gas Company	Idaho	2013	2014	Depreciation Study
Virgin Islands Telephone Corporation	US Virgin Islands	2013	2014	Depreciation Study
Verizon Wireless	Nationwide	2013	2014	Ad Valorem Tax Appraisal
2013				
AT&T Communications	North America	2012	2013	Ad Valorem Tax Appraisal
AT&T Communications	California	2012	2013	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2012	2013	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2012	2013	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2012	2013	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2012	2013	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2012	2013	Ad Valorem Tax Appraisal

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
Verizon Communications	New England - Mass	2012	2013	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2012	2013	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California	2012	2013	Ad Valorem Tax Appraisal
Sprint Nextel Corporation	North America	2012	2013	Ad Valorem Tax Appraisal
Verizon Wireless	Palm Beach, Florida	2012	2013	Ad Valorem Tax Appraisal
Verizon Communications	New England Mass	2002-2007	2013	Ad Valorem Tax Appraisal
2012				
AT&T Communications	North America	2011	2012	Ad Valorem Tax Appraisal
AT&T Communications	California	2011	2012	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2011	2012	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2011	2012	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2011	2012	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2011	2012	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2011	2012	Ad Valorem Tax Appraisal
Verizon Communications	New England - Mass	2011	2012	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2011	2012	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California	2011	2012	Ad Valorem Tax Appraisal
Sprint Nextel Corporation	North America	2011	2012	Ad Valorem Tax Appraisal
Verizon Wireless	Palm Beach, Florida	2011	2012	Ad Valorem Tax Appraisal
MetroPCS	Palm Beach, Florida	2011	2012	Ad Valorem Tax Appraisal
Verizon Communications	Florida - revised	2008	2012	Ad Valorem Tax Appraisal
Verizon Wireless	Palm Beach, Florida	2012	2012	Ad Valorem Tax Appraisal
2011				
AT&T Communications	North America	2010	2011	Ad Valorem Tax Appraisal
AT&T Communications	California	2010	2011	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2010	2011	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2010	2011	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2010	2011	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2010	2011	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2010	2011	Ad Valorem Tax Appraisal
Verizon Communications	New England - Mass	2010	2011	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2010	2011	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California	2010	2011	Ad Valorem Tax Appraisal
Global Crossing	North America	2010	2011	Ad Valorem Tax Appraisal
Intermountain Gas Company	Idaho	2010	2011	Depreciation Study
Sprint Nextel Corporation	North America	2010	2011	Ad Valorem Tax Appraisal
Verizon Wireless	Palm Beach, Florida	2010	2011	Ad Valorem Tax Appraisal
MetroPCS	Palm Beach, Florida	2010	2011	Ad Valorem Tax Appraisal
Verizon Communications	Florida - revised	2008	2011	Ad Valorem Tax Appraisal
Intermountain Gas Company	Idaho	2010	2011	Depreciation Study
Virgin Islands Telephone Corporation	US Virgin Islands	2010	2011	Technical Update of Depreciation Study
2010				
AT&T Communications	North America	2009	2010	Ad Valorem Tax Appraisal
AT&T Communications	California	2009	2010	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2009	2010	Ad Valorem Tax Appraisal

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
AT&T - Indiana Bell Telephone Company	Indiana	2009	2010	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2009	2010	Ad Valorem Tax Appraisal
AT&T - Southwestern Bell Telephone Company	Arkansas, Kansas, Missouri, Oklahoma, Texas	2009	2010	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2009	2010	Ad Valorem Tax Appraisal
Embarq Missouri, Inc.	Missouri	2009	2010	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2009	2010	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2009	2010	Ad Valorem Tax Appraisal
Verizon Communications	New England - Mass	2009	2010	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2009	2010	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California	2009	2010	Ad Valorem Tax Appraisal
Global Crossing	North America	2009	2010	Ad Valorem Tax Appraisal
MetroPCS	Palm Beach, Florida	2009	2010	Ad Valorem Tax Appraisal
2009				
AT&T Communications	North America	2008	2009	Ad Valorem Tax Appraisal
AT&T Communications	California	2008	2009	Ad Valorem Tax Appraisal
AT&T Communications	Florida	2008	2009	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2008	2009	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2008	2009	Ad Valorem Tax Appraisal
AT&T - Wisconsin Bell Telephone Company	Wisconsin	2008	2009	Ad Valorem Tax Appraisal
AT&T - Southwestern Bell Telephone Company	Arkansas, Kansas, Missouri, Oklahoma, Texas	2008	2009	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2008	2009	Ad Valorem Tax Appraisal
Embarq Texas, Inc.	Texas	2008	2009	Ad Valorem Tax Appraisal
Embarq Missouri, Inc.	Missouri	2008	2009	Ad Valorem Tax Appraisal
Embarq Northwest	Washington	2008	2009	Ad Valorem Tax Appraisal
Embarq Virginia	Virginia	2008	2009	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2008	2009	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2008	2009	Ad Valorem Tax Appraisal
Verizon Communications	New England - Mass	2008	2009	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2008	2009	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California, Michigan & Arizona	2008	2009	Ad Valorem Tax Appraisal
Global Crossing	North America	2008	2009	Ad Valorem Tax Appraisal
AboveNet, Inc	North America/California	2003	2009	Ad Valorem Tax Appraisal
Verizon Wireless	Ohio Properties	2004-2005	2009	Ad Valorem Tax Appraisal
Virgin Islands Telephone Corporation	US Virgin Islands	2008	2009	Depreciation Study
Sprint Nextel Corporation	North America	2008	2009	Ad Valorem Tax Appraisal
2008				
AT&T Communications	North America	2007	2008	Ad Valorem Tax Appraisal
AT&T Communications	California	2007	2008	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2007	2008	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2007	2008	Ad Valorem Tax Appraisal
AT&T - Wisconsin Bell Telephone Company	Wisconsin	2007	2008	Ad Valorem Tax Appraisal
AT&T - Southwestern Bell Telephone Company	Arkansas, Kansas, Missouri, Oklahoma, Texas	2007	2008	Ad Valorem Tax Appraisal

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
Embarq Florida, Inc.	Florida	2007	2008	Ad Valorem Tax Appraisal
Embarq Texas, Inc.	Texas	2007	2008	Ad Valorem Tax Appraisal
Embarq Missouri, Inc.	Missouri	2007	2008	Ad Valorem Tax Appraisal
Embarq Northwest	Washington	2007	2008	Ad Valorem Tax Appraisal
Embarq Virginia	Virginia	2007	2008	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2007	2008	Ad Valorem Tax Appraisal
Verizon Communications	California	2007	2008	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2007	2008	Ad Valorem Tax Appraisal
Verizon Communications	New England Mass	2002-2007	2008	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2007	2008	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California, Michigan & Arizona	2007	2008	Ad Valorem Tax Appraisal
Global Crossing	North America	2007	2007	Ad Valorem Tax Appraisal
Intermountain Gas Company	Idaho	2007	2008	Depreciation Study
2007				
AT&T Communications	North America	2006	2007	Ad Valorem Tax Appraisal
AT&T Communications	California	2006	2007	Ad Valorem Tax Appraisal
AT&T - Indiana Bell Telephone Company	Indiana	2006	2007	Ad Valorem Tax Appraisal
AT&T - Michigan Bell Telephone Company	Michigan	2006	2007	Ad Valorem Tax Appraisal
AT&T - Wisconsin Bell Telephone Company	Wisconsin	2006	2007	Ad Valorem Tax Appraisal
Embarq Florida, Inc.	Florida	2006	2007	Ad Valorem Tax Appraisal
Embarq Texas, Inc.	Texas,	2006	2007	Ad Valorem Tax Appraisal
Embarq Missouri, Inc.	Missouri	2006	2007	Ad Valorem Tax Appraisal
Embarq North Carolina	North Carolina	2006	2007	Ad Valorem Tax Appraisal
Embarq Virginia	Virginia	2006	2007	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2006	2007	Ad Valorem Tax Appraisal
Verizon Communications	California	2006	2007	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2006	2007	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	North America	2006	2007	Ad Valorem Tax Appraisal
Qwest Communications Corporation	North America California	2006	2007	Ad Valorem Tax Appraisal
Level 3 Communications	North America, California, Michigan, & Arizona	2006	2007	Ad Valorem Tax Appraisal
Level 3 Communications	Arizona	2002 - 2006	2007	Ad Valorem Tax Appraisal
Global Crossing	North America	2006	2007	Ad Valorem Tax Appraisal
Alaska Communications System, Inc. (ACS)	ACS of Alaska ACS of Anchorage ACS of Fairbanks ACS of the Northland ACS Holdings	2006	2007	Depreciation Studies
Intermountain Gas Company	Idaho	2006	2007	Depreciation Study
2006				
AT&T Communications	Palm Beach Florida	2000 - 2003	2006	Ad Valorem Tax Appraisal
AT&T Communications	North America	2005	2006	Ad Valorem Tax Appraisal
AT&T Communications	California	2005	2006	Ad Valorem Tax Appraisal
Sprint Florida, Inc.	Florida	2005	2006	Ad Valorem Tax Appraisal
Sprint Texas, Inc.	Texas,	2005	2006	Ad Valorem Tax Appraisal

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
Sprint Missouri, Inc.	Missouri	2005	2006	Ad Valorem Tax Appraisal
Sprint North Carolina	North Carolina	2005	2006	Ad Valorem Tax Appraisal
Sprint Virginia	Virginia	2005	2006	Ad Valorem Tax Appraisal
Embarq Nevada	Nevada	2005	2006	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2005	2006	Ad Valorem Tax Appraisal
Verizon Communications	California	2005	2006	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2005	2006	Ad Valorem Tax Appraisal
Verizon Business (formerly MCI)	Massachusetts	2002-2--5	2006	Ad Valorem Tax Appraisal
Level 3 Communications	North America	2005	2006	Ad Valorem Tax Appraisal
Level 3 Communications	Arizona	2002-2006	2006	Ad Valorem Tax Appraisal
Global Crossing	North America	2005	2006	Ad Valorem Tax Appraisal
Indianapolis Power & Light	IPL	2005	2006	Depreciation Study
2005				
AT&T Communications	North America	2004	2005	Ad Valorem Tax Appraisal
AT&T Communications	California	2004	2005	Ad Valorem Tax Appraisal
Sprint Florida, Inc.	Florida	2004	2005	Ad Valorem Tax Appraisal
Sprint PCS	North America	2004	2005	Ad Valorem Tax Appraisal
Verizon Communications	Florida	2004	2005	Ad Valorem Tax Appraisal
Verizon Communications	California	2004	2005	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2004	2005	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	2004	2005	Ad Valorem Tax Appraisal
Level 3 Communications	North America	2004	2005	Ad Valorem Tax Appraisal
Global Crossing	North America	2004	2005	Ad Valorem Tax Appraisal
Global Crossing	New York Special Franchise Property	2003 & 2004	2005	Ad Valorem Tax Appraisal
Indianapolis Power & Light	IPL	2004	2005	Depreciation Study
2004				
Sprint Florida, Inc.	Florida	2003	2004	Ad Valorem Tax Appraisal
Verizon Communications	California	2003	2004	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2003	2004	Ad Valorem Tax Appraisal
Verizon Communications	New England	2003	2004	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	2003	2004	Ad Valorem Tax Appraisal
Level 3 Communications	North America	2003	2004	Ad Valorem Tax Appraisal
Global Crossing	North America	2003	2004	Ad Valorem Tax Appraisal
Sprint PCS	Cost Indexes	2003	2004	Ad Valorem Tax Appraisal
AT&T Communications	North America	2003	2004	Ad Valorem Tax Appraisal
AT&T Communications	California	2003	2004	Ad Valorem Tax Appraisal
Intermountain Gas Company	Idaho	2003	2004	Depreciation Study
2003				
Sprint Florida, Inc.	Florida	2002	2003	Ad Valorem Tax Appraisal
Verizon Communications	California	2002	2003	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2002	2003	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	2002	2003	Ad Valorem Tax Appraisal
Level 3 Communications	North America	2002	2003	Ad Valorem Tax Appraisal
Sprint PCS	Cost Indexes	2002	2003	Ad Valorem Tax Appraisal
AT&T Communications	North America	2002	2003	Ad Valorem Tax Appraisal
AT&T Communications	California	2002	2003	Ad Valorem Tax Appraisal
Global Crossing	North America	2002	2003	Ad Valorem Tax Appraisal

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
Verizon Wireless	Broward County, FL	1998 through 2002	2003	Ad Valorem Tax Appraisal
2002				
Sprint Florida, Inc.	Florida	2001	2002	Ad Valorem Tax Appraisal
Verizon Communications	California	2001	2002	Ad Valorem Tax Appraisal
Verizon Communications	Northwest	2001	2002	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	2001	2002	Ad Valorem Tax Appraisal
Level 3 Communications	North America	2001	2002	Ad Valorem Tax Appraisal
Global Crossing	North America	2001	2002	Ad Valorem Tax Appraisal
AT&T Wireless	Plymouth, MI	2001	2002	Ad Valorem Tax Appraisal
Sprint PCS	Cost Indexes	2001	2002	Ad Valorem Tax Appraisal
AT&T Communications	North America	2001	2002	Ad Valorem Tax Appraisal
Intermountain Gas Company	Idaho	2001	2002	Depreciation Study
AT&T Communications	California	2001	2002	Ad Valorem Tax Appraisal
2001				
Verizon	Verizon - New York	2001	2001-2	Functional Obsolescence & Useful Life studies for valuation
Sprint Florida, Inc.	Sprint Florida, Inc.	2000	2001	Ad Valorem Tax Appraisal
Verizon Communications	California	2000	2001	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	2000	2001	Ad Valorem Tax Appraisal
Global Crossing	North America	2000	2001	Ad Valorem Tax Appraisal
Sprint PCS	Cost Indexes	2000	2001	Ad Valorem Tax Appraisal
Sprint Corporation	Centel - Nevada	2000	2001-2	Depreciation Study
Alaska Communications System, Inc. (ACS)	ACS of Alaska ACS of Anchorage ACS of Fairbanks ACS of the Northland ACS Holdings	2000	2001	Depreciation Study
2000				
Sprint PCS	BTS Equipment	2000	2000	Economic Life Study
Telus Communications	Telus - Alberta & British Columbia	2000	2000	Depreciation study Phase III Price Caps
Sprint Florida, Inc.	Florida	1999	2000	Ad Valorem Tax Appraisal
Verizon Communications	California	1999	2000	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	1999	2000	Ad Valorem Tax Appraisal
1999				
Sprint Corporation	Centel - Nevada	1998	1999	Depreciation Study
Intermountain Gas Company	Intermountain Gas Company	1998	1999	Depreciation Study
Sprint Florida, Inc.	Florida	1998	1999	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	1998	1999	Ad Valorem Tax Appraisal
1998				
Frontier Corporation	Frontier Telephone of Rochester	1998	1997	Valuation depreciation Lives and Net Salvage

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
				Parameters
Pacific Telecom, Inc.	Telephone Utilities of Washington	1997	1998	Depreciation Study
Sprint Florida, Inc.	Florida	1997	1998	Ad Valorem Tax Appraisal
Verizon Communications	Florida	1997	1998	Ad Valorem Tax Appraisal
Sprint Communications, LP	North America	1997	1998	Ad Valorem Tax Appraisal
Sprint Corporation	United Telephone Company of South Carolina	1998	1998	Depreciation Expense Universal Service Fund
Sprint Corporation	Carolina Telephone and Telegraph and Central Telephone of North Carolina	1998	1998	Depreciation Expense Universal Service Fund
Telus Communications	Telus - Edmonton (TCE)	1997	1998	Depreciation Study Phase II Price Caps
1997				
Sprint Corporation	Centel - Nevada	1997	1997	Unbundling/ Inter-connection Depreciation Study
Pacific Telecom, Inc.	Telephone Utilities of Oregon	1996	1997	Depreciation Study
Pacific Telecom, Inc.	Telephone Utilities of Alaska And the Northland	1996	1997	Depreciation Study
Telus Communications	Telus - TCI formerly AGT	1996	1997	Depreciation Study Phase II Price Caps
Indianapolis Power & Light	IPL	1996	1997	Depreciation Study
Sprint Florida, Inc.	Florida	1996	1997	Ad Valorem Tax Appraisal
Verizon Communications	Florida	1996	1997	Ad Valorem Tax Appraisal
Pacific Telecom, Inc.	Eagle Telephone (Colorado)	1996	1997	Depreciation Study
1996				
Intermountain Gas Company	Intermountain Gas Company	1995	1996	Depreciation Study
Sprint Florida, Inc.	Florida	1995	1996	Ad Valorem Tax Appraisal
Century Telephone	Century Telephone of Ohio, Inc.	1995	1996	Depreciation Study
Telus Communications	AGT Limited (Alberta Government Telephones)	1995	1996	Depreciation Study
Johnson County Kansas Office of the Assessor	Useful Life of Computer Equipment	1995	1995	Useful/Market Life Analysis
Milwaukee Metropolitan Sewerage District	Milwaukee Metropolitan Sewerage District	1995	1996	Depreciation Study
Sprint Corporation	Long Distance Division	1995	1995	Depreciation/Recovery Status Study

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
Sprint Corporation	Cellular Division	1995	1995	Depreciation/Recovery Status Study
Pacific Telecom, Inc.	Alascom, Inc.	1994	1995	Depreciation Study
Pacific Telecom, Inc.	Telephone Utilities of the Northland	1993	1994	Depreciation Study
	Telephone Utilities of Alaska	1993	1994	Depreciation Study
Indiana Energy	Indiana Gas Company	1993	1994	Depreciation Study
Columbia Gas Transmission	Gas Pipeline Property in Sullivan County, NY	1993	1993	Useful Life Study
United Telephone - Midwest Group	United Telephone Company of Missouri	1993	1993	Modernization/ Depreciation Study
Intermountain Gas Co.	Intermountain Gas Co.	1992	1993	Depreciation Study
Pacific Telecom, Inc.	Alascom, Inc.	1992	1993	Depreciation Study
	Telephone Utilities of Oregon, Inc.	1991	1992	Depreciation Study
	Telephone Utilities of Washington, Inc.	1991	1992	Depreciation Study
Small Telephone Company Coalition	Oregon Small Telephone Companies	1991	1992	Depreciation Support
United Telephone Systems	United Telephone Co. of Pennsylvania	1991	1992	Instructional Depreciation Study
New York State Division of Equalization and Assessment	Electric, Gas, Water, Telephone, Pipeline, Steam, CATV	1991	1992	Useful Lives and Net Salvage Values
Rochester Telephone Company	Enterprise Telephone	1991	1992	Study Review
Indiana Energy	Indiana Gas/Richmond Gas/ Terre Haute Gas	1990	1991	Depreciation Study
American Electric Power	Indiana/Michigan Power Co.	1990	1991	Depreciation Study
Rochester Telephone Company	Rochester Telephone Co.	1990	1991	Study Review
United Telephone Systems	United Telephone Co. of Florida	1990	1991	Instructional Depreciation Study

Appraisal & Capital Recovery Activities Client List

Company	Property	Year	Study Year Performed	Activity
United Telephone Systems	United Telephone Co. of Oregon	1989	1990	Study Review
Telephone and Data Systems, Inc.	Quincy Telephone Company	1990	1991	Depreciation Study
Telephone and Data Systems, Inc.	Wolverine Telephone Company	1989	1990	Depreciation Study
Indiana Energy	Indiana Gas Company, Inc.	1989	1990	Depreciation Study
Intermountain Gas Co.	Intermountain Gas Co.	1989	1990	Remaining Life/Net Salvage Support
North-West Telephone Company	North-West Telephone Company	1989	1990	Study Review
United Telephone System	United of Texas	1989	1990	Instructional Depreciation Study
	United of Missouri	1989	1990	Instructional Depreciation Study
Milwaukee Water	Milwaukee Water	1989	1990	Depreciation Study
Indiana Natural Gas Corp.	Indiana Natural Gas Corp.	1989	1990	Depreciation Study
Pacific Telecom	Telephone Utilities of the Northland	1989	1990	Depreciation Study
	Telephone Utilities of Alaska	1989	1990	Depreciation Study
	Alascom	1989	1990	Depreciation Study
	Telephone Utilities of Washington, Inc.	1988	1989	Depreciation Study
WICOR	Wisconsin Gas Company	1988	1989	Depreciation Study
ALLTEL	ALLTEL - Kentucky, Inc.	1987	1989	Depreciation Study
	ALLTEL - Ohio, Inc.	1988	1989	Depreciation Study
	Western Reserve Telephone Company	1988	1989	Depreciation Study
Milwaukee Metropolitan Sewer District	Milwaukee Metropolitan Sewer District	1988	1989	Depreciation Study

Utility Industries
Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
United Telephone	United of Ohio	1988	1989	ELG Support
Telephone Company	Telephone Company	1988	1989	ELG Support
United Telecom	U.S. Sprint	1988	1988	Useful Life Study
Pacific Telecom	Telephone Utilities of Oregon	1987	1988	Depreciation Study
	Telephone Utilities of Eastern Oregon	1987	1988	Depreciation Study
	Rose Valley Telephone Company	1987	1988	Depreciation Study
United Telephone	United of Minnesota	1987	1988	Capital Planning Support
Wisconsin Southern Gas	Wisconsin Southern Gas	1987	1988	Depreciation Study
Pacific Telecom	Glacier State Telephone Company	1986	1987	Depreciation Study
	Sitka Telephone Co.	1986	1987	Depreciation Study
	Juneau-Douglas Tel Company	1986	1987	Depreciation Study
Pacific Telecom	Telephone Utilities of Alaska	1986	1987	Depreciation Study
	Alascom	1986	1987	Depreciation Study
Lincoln Telecommunications	Lincoln Telephone and Telegraph Company	1986	1987	Digital Switching Service Life
Northwest Natural Gas Corporation	Northwest Natural Gas Corporation	1985	1986	Depreciation Study
ALLTEL	Western Reserve Telephone Company	1984	1985	Depreciation Study
	ALLTEL - Ohio	1984	1985	Depreciation Study
	ALLTEL - Alabama	1984	1985	Depreciation Study
Gulf Telephone Co.	Gulf Telephone Company	1984	1985	Depreciation Study
United Telephone Systems, Inc.	United of Iowa	1984	1985	Depreciation Study
	United of Arkansas	1984	1985	Depreciation Study
Pacific Telecom	Telephone Utilities of	1983	1984	Depreciation Study

Appraisal & Capital Recovery Activities Client List

Company	Property	Study Year	Year Performed	Activity
	Washington			
	Telephone Utilities of Eastern Oregon	1983	1984	Depreciation Study
Pacific Telecom	Telephone Utilities of Oregon	1983	1984	Depreciation Study
	Northwestern Telephone Systems, Inc., Oregon	1983	1984	Depreciation Study
	Rose Valley Telephone Company	1983	1984	Depreciation Study
United Telecommunications	All United Telephone Companies	1983	1984	Capital Recovery Strategy
Lincoln Telecommunications	Lincoln Telephone & Telegraph Company	1983	1984	Depreciation Study
ALLTEL	ALLTEL - Mississippi	1982	1983	Depreciation Study
	ALLTEL - Michigan	1982	1983	Depreciation Study
North Carolina Natural Gas Corp.	North Carolina Natural Gas Corporation	1982	1983	Depreciation Study
Mid Continent Telephone (Currently ALLTEL)	Western Reserve Telephone	1982	1983	Depreciation Study
	Mid Ohio Telephone	1982	1982	Depreciation Study
	Florence Telephone Company	1980	1981	Depreciation Study
	Leeds Telephone Co.	1980	1981	Depreciation Study
	Elmore Coosa Tel Company	1980	1981	Depreciation Study
	Brookville Telephone Company	1980	1981	Depreciation Study
	Mid-Pennsylvania Telegraph	1980	1981	Depreciation Study
Telephone Utilities (Currently Pacific Telecom)	Telephone Utilities of Oregon	1979	1980	Depreciation Study
	Telephone Utilities of Eastern Oregon	1979	1980	Depreciation Study
	Northwestern Telephone Systems, Inc.-Oregon	1979	1980	Depreciation Study
	Rose Valley Telephone	1979	1980	Depreciation Study

Papers and Seminars

	Company			
United Telephone Systems, Inc.	United of Ohio	1979	1980	Depreciation Study
Telephone Utilities	Telephone Utilities of Washington	1978	1979	Depreciation Study
United Telephone Systems, Inc.	United of Ohio	1978	1979	Depreciation Study
Rochester Telephone	Rochester Telephone (Indiana)	1977	1978	Depreciation Study
United Telephone Systems, Inc.	United of Ohio	1977	1978	Depreciation Study
Princeton Telephone	Princeton Telephone (Indiana)	1976	1977	Depreciation Study
Northwestern Telephone	Northwestern Telephone (Illinois)	1975	1976	Depreciation Study

Papers and Seminars

2011 Training Instructor Depreciation Basics Sessions A & B and Life and Salvage Analysis
Society of Depreciation Professionals 25th Annual Meeting
Atlanta, GA September 20-22, 2011

2010 Will the Real Cost Approach Please Stand Up?
National Association of Property Tax Representatives Transportation, Energy, & Communications (NAPTR·TEC)
Scottsdale, Arizona October 25-27, 2010

Issues Affecting Assessment of Regulated Industries
Institute for Professionals in Taxation (IPT) Property Tax Symposium
Austin, Texas October 31 – November 3, 2010

2009 (Valuing) Intangibles
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas July 28, 2009

Fair Value Accounting (Appraisal Panelist)
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas July 29, 2009

2008 Valuation Issues Valuation of Assets and the Impact of Depreciation
Society of Depreciation Professionals Annual Meeting
Greenville, SC September 21-26, 2008

Obsolescence in the Long-Distance and Local Transport Networks
Technology Futures Inc. Asset Valuation Conference
Austin Texas February 8, 2008

2007 Communications Industry Issues
National Association of Property Tax Representative – Transportation, Energy, & Communications
New Orleans, LA October 30, 2007

2006 Appraisal Procedures & Issues in a Changing communications Industry
Florida Chapter International Association of Assessing Officers' Tangible Personal Property Conference
Ocala, Florida January 12, 2006

Valuation of Intangibles
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas July 25, 2006

SDP 20 years of History and Beyond
Society of Depreciation Professionals 20th Annual Meeting
Long Beach, CA September 18, 2006

2005 Valuation in a World with Asset Impairments
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas August 1, 2005

Papers and Seminars

2004 Depreciation in the Valuation of Assets
Society of Depreciation Professionals' Eighteenth Annual Meeting
Washington, D.C., September 13, 2004

2003 Cost Approach and the Use of Appraisal Guidelines
Institute for Professionals in Taxation – Property Tax Symposium
Fort Lauderdale, FL, September 17, 2003

Cost Approach – Obsolescence and Depreciation
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas, July 28, 2003

2000 Appraisal Issues Associated with Technological Change in the Wireline Telecommunications Industry
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas, July 31, 2000

The Impact of Advancing Technology and the Changing Regulatory Environment on Obsolescence Calculations for Ad Valorem Valuation Purposes
Journal of Property Tax Management, Spring 2000

1996 How to Develop a Reproduction/Replacement Cost New Less Depreciation Approach to Value
Appraisal for Ad Valorem Taxation, Wichita State University
Wichita, Kansas, August 4, 1996

1995 Valuation Method, Techniques and Strategies (How to Quantify Stranded Investment) (Market, Income, & Cost Approach
AGA Depreciation Committee Meeting
Denver, Colorado, August 6-9, 1995, jointly presented with Earl Robinson of AUS Consultants

1994 Integrating Future Expectations for the Telephone Industry into Historical Depreciation Analysis
United States Telephone Association (USTA's 1994 Capital Recovery Seminar)
Scottsdale, Arizona, September 12-13, 1994

1994 Capital Recovery: United States versus Canada
Canadian Telephone Industry's Annual Capital Recovery Seminar
Edmonton, Alberta, Canada June 14-15, 1994

1990 Capital Recovery: Methods, Terminology, Procedures, and Record Keeping
United States Telephone Association (USTA)'s
1990 Non-FCC Subject and Small Company Capital Recovery Seminar
Minneapolis, Minnesota April 10_11, 1990

Integration of Technology Forecasting Into Historical Life Studies
29th Iowa State Regulatory Conference
Ames, Iowa May 15-17, 1990

The 1990's and the Second Wave of Major Plant Retirements in the Communications Industry
NARUC's Seventh Biennial Information Conference
Columbus, Ohio September 12-14, 1990

Papers and Seminars

How Do We Incorporate Change into the Study Filing Procedures?
USTA's 1990 Capital Recovery Seminar
Chicago, Illinois October 16_17, 1990

1989 Plant Modernization: Capital Planning and Capital Recovery
Midwest Utilities Conference
Chicago, Illinois September 11_14, 1989

Price Indexes Today: Procedures, Uses, and Misuses
Society of Depreciation Professionals' Third Annual Meeting
New Orleans, Louisiana December 6_7, 1989

1988 Plant Modernization: Capital Planning and Capital Recovery
National Association of Regulatory Utility Commissioners (NARUC)'s
Sixth Biennial Regulatory Information Conference
Columbus, Ohio September 14_16, 1988

Papers and Seminars

1997	Sprint Corporation - West Finance Center Overland Park, Kansas, August 1997
1997	Rochester Telephone Corporation Rochester, New York, April 1997
1996	Sprint-Florida-Vista United Telecommunications Altamonte Springs, Florida August 27-29, 1996
1994	Saskatchewan Telecommunications Regina, Saskatchewan, Canada, June 1994
1994	AUS Consultants/Leroy J. Murphy and Associates 1994 Capital Recovery Seminar May 1994
1993	Manitoba Telephone System, Winnipeg, Manitoba, December 1993
1993	Society of Depreciation Professionals Annual Meeting Charleston, South Carolina September 30, 1993
1993	SPRINT - Local Telephone Division Atlanta, Georgia August 11-12, 1993
1993	AUS Consultants/Leroy J. Murphy and Associates 1993 Capital Recovery Seminar Chicago, Illinois May 11 - 13, 1993
1993	Canadian Telephone Capital Recovery Seminar Halifax, Nova Scotia April 20 - 22, 1993
1993	United Telephone, Midwest Group Overland Park, Kansas January 20, 1993
1992	BellSouth Corporation Birmingham, Alabama November 23, 1992
1992	Sprint - Local Telephone Division Kansas City, Kansas November 18 - 20, 1992
1992	Society of Depreciation Professionals Annual Meeting San Antonio, Texas September 9 - 10, 1992
1992	AUS Consultants/Leroy J. Murphy and Associates 1992 Capital Recovery Seminar Chicago, Illinois October 6 - 8, 1992
1991	Society of Depreciation Professionals Annual Meeting Nashville, Tennessee November 20-22, 1991
1991	ALLTEL Corporation Microcomputer Depreciation Studies System Training Hudson, Ohio October 14-16, 1991

Capital Recovery Training

2016 Society of Depreciation Professionals
Annual Training
Charleston, South Carolina, September 18-23, 2016

2015 Society of Depreciation Professionals
Annual Training
Austin Texas September 2015

2014 Society of Depreciation Professionals
Annual Training
New Orleans, Louisiana September 2014

2013 Society of Depreciation Professionals
Annual Training
Salt Lake City, Utah September 2013

2012 Society of Depreciation Professionals
Annual Training
Minneapolis, Minnesota, September 16-18, 2012

1991 United Telecommunications, Inc., Capital Recovery/Microcomputer Depreciation Studies System Training
Kansas City, Kansas September 23-25, 1991

1991 AUS Consultants/Leroy J. Murphy and Associates 1991 Capital Recovery Seminar
Lake Geneva, Wisconsin September 17-19, 1991

1991 Rochester Telephone Corporation, Capital Recovery/Microcomputer Depreciation Studies System Training, Rochester, New York September 3-7, 1991

1991 Ameritech Services, Microcomputer Depreciation Studies System Training
Chicago, Illinois May 16-17, 1991

1991 AUS Consultants/Leroy J. Murphy and Associates 1991 Capital Recovery Seminar
Washington, D.C. April 9_11, 1991

1990 United Telecommunications, Inc., Capital Recovery Seminar
Overland Park, Kansas December 1990

1990 AUS Consultants/Leroy J. Murphy and Associates 1990 Capital Recovery Seminar
Chicago, Illinois September 24_27, 1990

1990 AUS Consultants/Leroy J. Murphy and Associates 1990 Capital Recovery Seminar
Chicago, Illinois January 29-February 1, 1990

1990 United Telecommunications, Inc., Capital Recovery/Microcomputer Depreciation Studies System Training, Chicago, Illinois July 1990

1989 United Telecommunications, Inc., Capital Recovery/Microcomputer Depreciation Studies System Training, Chicago, Illinois July 1989

Capital Recovery Training

1989	AUS Consultants/Leroy J. Murphy and Associates 1989 Capital Recovery Seminar Chicago, Illinois March 6_9, 1989
1988	AUS Consultants/Leroy J. Murphy and Associates 1988 Capital Recovery Seminar Chicago, Illinois July 25_28, 1988
1988	United Telecommunications, Inc., Microcomputer Depreciation Studies System Training Kansas City, Kansas January 1988

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 its water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, Jerome C. Weinert, hereby state that the facts set forth in PAWC Statement No. 4 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: November 3, 2025

Jerome C. Weinert, PE, ASA, CDP
Principal and Owner
Weinert Appraisal and Depreciation Services, LLC
("WADS Consultants")

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

REBUTTAL TESTIMONY OF
JEROME C. WEINERT
UTILITY VALUATION EXPERT
SELECTED BY
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: June 10, 2026

PAWC Statement No. 4-R

Q. Please state your name, business address, and occupation.

A. My name is Jerome C. Weinert. My business address is 8555 West Forest Home Avenue, Suite 201, Greenfield, WI 53228. I am a Principal and Owner of Weinert Appraisal and Depreciation Services, LLC ("WADS Consultants"). This testimony was prepared by me.

Q. Have you submitted any other testimony in this proceeding?

A. Yes. I submitted my direct testimony, PAWC Statement No. 4, on November 3, 2025.

Q. What is the purpose of your rebuttal testimony?

A. I will respond to Office of Consumer Advocate ("OCA") witness Garrett's incorrect reliance on original cost less deprecation ("OCLD") as a valuation indicator and his adjustments to my appraisal results in total and each of my valuation approaches: cost, market, and income.

COST APPROACH

Q. Mr. Weinert, will you first describe Mr. Garrett's cost approach analysis and conclusion?

A. Yes. Mr. Garrett simply adopted the determination of OCLD from Gannett Fleming's appraisal of $22.8 million and WADS Consultants' appraisal of $22.9 million, averaged those results, and arrived at his cost approach conclusion of $22.86 million.

Q. Mr. Weinert, is this a valid valuation method?

A. No. OCLD is an accounting concept, not a valid cost approach. The cost method appraisal practice requires that the appraiser begin with a current cost or replacement cost at the appraisal date, which is May 30, 2025, in Indian Creek Valley Water Authority's ("ICVWA") case. In the cost approach, the appraiser is attempting to recreate the cost that a potential purchaser would incur to acquire a similar property, in this case ICVWA's water treatment and distribution system, if ICVWA's system was not available. The cost approach amount is not the original cost of the property, as a potential purchaser cannot finance such a transaction with original cost funds nor would a seller accept an amount similar to the property's original cost, as said property has likely appreciated over time. Rather, the proper cost approach method is to estimate the property's replacement cost less any appraisal depreciation, which potentially would include normal depreciation (typically age life depreciation), functional obsolescence, and/or economic obsolescence. Both Gannett Flemining and WADS Consultants developed cost approaches using a trended costing of the property's original cost, as established by Bankson Engineers in their Engineering assessment as required by the Section 1329 legislation and subsequent Pennsylvania Public Utility Commission ("Commission") Implementation orders. The OCLD amount was only included in the WADS Consultants' appraisal documentation in response to the Commission's adoption of the Reasonability Review Ratio ("RRR") as a parameter of interest. OCLD is an accounting value that does not directly impact the appraisal determination.

In developing WADS Consultants' cost approach, the replacement cost less depreciation addresses the replacement cost and depreciation, as the following table demonstrates:

Cost Approach			
Financials			
Original Cost (12-31-2024)		31,666,760	
Accumulated Depreciation		(15,821,098)	
Net Book		15,845,662	
Inventory of Assets			
Original Cost ($OC)		33,029,748	
Depreciated Original Cost ($OCLD)		22,911,559	
Intangible Assets		-	
Cost Approach of all assets Conclusion		22,911,559	
Replacement Cost			
Replacement Cost New (COR)		97,747,904	
Depreciated Replacement Cost New (CORLD)	**$**	**60,489,847**	
Intangible Assets	$	-	
External or Economic Obsolescence		**-36.040982%**	AUS Input
Market Value of Tangible Assets	**$**	**38,688,712**	
Intangible Assets		0	
Cost Approach of all assets Conclusion		**38,688,712**	

The Bankson inventory of $33,029,748 was restated to replacement cost new of $97,747,904, which was depreciated, using depreciation parameters (age and life) for water utilities in Pennsylvania, to $60,489,847 with additional economic obsolescence (based on the market and income approach results) to a final cost approach conclusion of $38,688,712.

Mr. Garrett's adoption of OCLD which is an accounting concept, not a valuation concept nor a procedure, simply invalidates his cost approach recommendation and should be dismissed completely.

MARKET APPROACH

Q. Mr. Weinert, will you first describe Mr. Garrett's market approach analysis and conclusion?

A. Yes. Mr. Garrett adopted his determination of OCLD of $22.86 million from the cost approach as the starting point. He analyzed financial information presented in Value Line for the seven water utilities followed by Value Line. This analysis consisted of developing the ratio of Enterprise Value to Net Book (EV/ND) and concluded the EV/NB ratio of 1.22 was appropriate. He applied this ratio to the previously described OCLD of $22.86 million to arrive at a market approach indicator of $28.1 million, which he adopted as his market approach conclusion. This information is detailed in his Exhibit DJG-3.

Q. Mr. Weinert, do you agree with his market analysis and conclusion?

A. No. First, this is a financial analysis, which again relies on the OCLD developed in Mr. Garrett's cost approach, which, as stated previously, is an accounting value not an appraisal value. Second, his EV/NP ratio is understated. I have reproduced his analysis in the following table:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Company	Ticker	Market Capitalization	Long Term Debt	Cash Equivalents	Enterprise Value (3)+(4)-(5)	Net Plant	EV/NP Ratio (6)/(7)
American States Water	AWR	2,900	783	19	3,664	2,296	1.595819
American Water	AWK	26,500	15,847	119	42,228	30,576	1.381083
California Water	CWT	2,700	1,472	52	4,120	4,580	0.899563
Essential Utilities, Inc.	WTRG	11,300	8,132	35	19,397	14,290	1.357383
Middlesex Water	MSEX	950	391	3	1,338	1,162	1.151463
SJW Corporation	HTO	2,000	1,867	21	3,846	3,923	0.980372
York	YORW	475	222	-	697	570	1.222807
Garrett Average		**6,689**	**4,102**	**35**	**10,756**	**8,200**	**1.226927**
WADS Average		6,689	4,102	36	10,756	8,200	1.311741
Indian Creek Net Plant		22,860,688					
EV/NP		1.227070944					
Garrett ICVWA Market Value		28,051,686					
EV/NP		1.311741032					
Garrett ICVWA Market Value		29,987,302					

As the above table shows, Mr. Garrett used a simple average of the EV/NP ratio of 1.22, resulting in his value indication of $28,051,686. It would appear using the weighted average EV/NP of 1.311 results in $29,987,302.

Q. Has Mr. Garrett established a basis for his market approach?

A. No, the foregoing just describes his market approach and a potential modification of that market approach determination; however, it doesn't address the fact that Mr. Garrett's market approach is entirely based on industry-wide financials, as reported in Value Line, and uses a net plant, which does not relate to market appraisals.

Q. Mr. Garrett additionally claims that your appraisal relies on an overly broad sample of utilities. Do you agree?

A. No. Since the passage of the Section 1329 legislation related to the acquisition of municipal water and wastewater utilities by investor-owned water utilities, WADS Consultants has analyzed 27 different acquisitions for purposes of determining the market approach to purchase price. In WADS Consultants' appraisals, these 27 acquisitions were segregated into the following criteria: purchase price (PP) to original cost less depreciation (OCLD); replacement cost less depreciation (CORLD); and customers and earnings before interest, taxes, depreciation and amortization (EBITDA) at both the 5-year average and 13-year average.

I segmented these 27 acquisitions into four different categories: wastewater collection and treatment; wastewater collection; water production, treatment and distribution; and water distribution. WADS Consultants' market determination for this Application relied on water production, treatment, and distribution, which represented two acquisitions. First, Steelton, with a PP of $ 22,500,000 and an OCLD of $14,433,435, resulting in a PP/OCLD ratio of 1.5069 and then Valley, with a PP of $7,325,000 and an OCLD of $5,370,438 resulting in a PP/OCLD ratio of 1.3639. These two resulted in an average PP/OCLD ratio of 1.4354,

which was used in the WADS Consultants' market comparable analysis. I used a similar procedure for the PP/CORLD arriving at our market approach indicator of $38,432,673; therefore Mr. Garrett is incorrect when he states that my analysis includes purchase prices from $4.7 million to $156 million.

Mr. Garrett's market analysis did not analyze Pennsylvania specific acquisitions under Section 1329, but rather, is a financial analysis of massive markets which should not be the sole information used to establish the market approach indicator in this proceeding. Therefore, Mr. Garrett's market analysis should be discounted.

INCOME APPROACH

Q. Mr. Weinert, will you describe OCA witness Garrett's income approach adjustments to your Utility Valuation Expert ("UVE") appraisal?

A. Yes, Mr. Garrett used a direct capitalization income approach method using a single period cashflow capitalized into value using a capitalization rate. Mr. Garrrett made several adjustments to the capitalization rate, primarily the cost of debt and equity and the long-term growth rate, that differ from WADS Consultants' discount rate.

Q. Do you agree with Mr. Garrett's method and adjustment to the discount rate?

A. No. First, the use of direct capitalization or a single period cashflow directly capitalized into value will not provide a reasonable income approach estimate for ICVWA, as ICVWA is making a fundamental transition from a municipally owned and operated water utility to an investor owned and operated water utility regulated by the PUC. Such a transition includes adjusting the historical financials and operating statistics for a rate base

determination by this Commission, the inclusion of taxes (i.e., income –federal and state as well as local) and regulatory, operational expenses being integrated into PACW's operation, some of which will no longer be required (i.e., contracted expenses such as legal, accounting, and engineering), and the periodic adjustment of revenues as ICVWA operations becomes part of a regulated utility. The adjustment to ICVWA's financials and operations cannot be collapsed into a single period estimate as Mr. Garrett has attempted. Consider Mr. Garrett's single period DCF model:

		Year 2	
(1)	Operating Revenues	4,940,524	Input
(2)	Operating Expenses		
(3)	EBIT	2,243,993	Input
(4)	Tax @21%)	471,239	(3) * .21
(5)	EBIT ((1-t)	1,772,754	(3)-(4)
(6)	Depreciation	600,934	Input
(7)	Capital Expenditures	1,800,000	Input
(8)	Free Cash Flow from Operations	573,688	(5)+(6)-(7)
[1]	Annual Cash Flow	573,688	(8)
[2]	Constant Growth Rate	0.038	Input
[3]	Discount Rate	0.0577	Input
[4]	Adjusted Value	30,227,825	[1]*(1+[2]/9[3]-[2])

In the above table, Mr. Garrett's assumption is that, on a constant dollar basis, the entries remain constant indefinitely. While that's the assumption of a single period DCF model, that assumption is unrealistic in many areas. For instance, it assumes that the operating statistics of revenues and operating expenses remain unchanged, which, as described above, is highly unlikely considering the transition from a municipal operation to an investor-owned utility regulated by the PUC under rate of return regulations with a rate base established at the purchase price or the average of the UVE appraisal. The most

egregiously unacceptable input is the assumption that the IVCWA property and operation will require $1.8 million in capital expenditures (CAPX) each year essentially forever! Using Mr. Garrett's growth rate and discount rate, this assumption results in an excess of $90 million (i.e., $1.8 million / (.0577-.038) = $91,370,558), which is equal to the cost of replacing the entire system (WADS Consultants' COR $97.7 million). In addition to the unreasonableness of the CAPX assumption, the depreciation expense is estimated to remain unchanged at $600,934 despite all of the above described CAPX.

The sensitivity of these estimates is demonstrated as follows:

If the CAPX estimate decreases by 10%, or $180,000, the indicated value increases to $39.7 million.

If the depreciation expense increases by 10%, the indicated value increases to $33.4 million.

Both situations are unlikely. It is for this reason that the WADS Consultants and Gannett Fleming used a forecasted DCF over a number of years. Specifically, WADS Consultants used a 21-year forecast period, and I believe Gannett Fleming used a 13-year forecast period. Over the forecast period, the appraisers' estimates of the operations revenues, expenses, and CAPX can be tailored to represent the transition for ICVWA's operation from its current municipal operations to a fully functioning rate regulated investor owned and operated Pennsylvania water utility. It is for the above-described reasoning that I do not believe OCA witness Garrett's income approach can be relied upon in this proceeding.

Q. Mr. Weinert, will you please explain why you think the UVEs' multiperiod DCF model produces a superior income approach result when compared to OCA witness Garrett's single period DCF?

A. Yes. The UVEs' multiperiod DCF models ICVWA's operation as it transitions over the forecasted period from its current municipal operation to an investor-owned, tax paying, rate of return regulated water utility. WADS Consultants utilized a forecast of 21 yearly periods, while I believe Gannett Fleming utilized a forecast of 13 periods. The advantage of the multiperiod DCF is that it models ICVWA's operations beginning with the financial performance of ICVWA's recent operating performance. In order to do this, ICVWA's most recent financial performance was reviewed and used to estimate the first period performance after acquisition recognizing that the taxation requirement begins in the first period. WADS Consultants' DCF models the ICVWA's operations as follows:

Income
Revenues
Expenses
Administration
Operations
Book Depreciation
Operating Income
Taxes
Income After Tax
Cash Flows
Income After Tax
Book Depreciation
Plant Additions
Cashflows

Plant
Begin Balance
Additions based on CAPX Estimates
Retirements
Ending Balance
Depreciation
Begin Balance
Life
Book Depreciation
Ending Balance
Tax Depreciation
Begin Balance
Tax Life (MACRES)
Tax Depreciation
Ending Balance

Rate of Return
Rate Base
Plant
Accumulated Reserve
Rate Base
Regulated Return
Authorized Return
Operating Expenses including Taxes and Interest
Revenue Requirement
Revenues
Required Rate Increase

The initial levels for plant and book reserve were based on the likely results of this case. Moreover, because the WADS Consultants' appraisal was greater than the purchase price, the purchase price was used as the starting rate base, which was distributed among the NARUC accounts, as detailed in the Engineers' Assessment.[1]

[1] Application, Appendix A-15-a

Revenues were held at the initial level until the first rate case after acquisition, which is usually a two year timeframe. Revenues were raised with each succeeding rate case, using the rate of return ratemaking model, by moving the rates toward the revenue requirement indicated by the rate of return model. Once the rate levels reached the required revenues, further rate increases were made at the rate of inflation in an attempt to match expense level increases.

The cashflow to be discounted was then calculated over the 21-year forecast period and discounted to present value using the market indicated discount rate, which becomes the DCF's income approach indicator.

RECOMMENDATIONS

Q. Mr. Weinert, would you please summarize your recommendations?

A. Yes, OCA witness Garrett made adjustments to both UVE appraisals that were not supported by appraisal procedures or facts. In the cost approach, Mr. Garrett utilized the original cost less depreciation as his estimate of the cost of the ICVWA water system. Conversely, both UVE appraisers used the trended cost approach to develop the replacement cost of the property, which was then depreciated using age-life depreciation techniques based upon service lives typically used by water utilities in Pennsylvania. The replacement cost is a recognized cost approach appraisal method, while the OCLD is an accounting procedure - not a recognized valuation method. For the market approach, Mr. Garrett utilized a stock and debt market analysis of industry-wide investor-owned utilities as reported in Value Line. As such, his method represents an investment analysis as opposed to the analysis approved by the Commission for review of an acquisition under

Section 1329 As discussed herein, the UVEs used the appropriate Section 1329 analysis in arriving at their market approach conclusion. With respect to the income approach, Mr. Garrett used a single period direct capitalization method that does not reflect the conditions ICVWA will transverse as it moves from a municipal operation to an investor-owned utility regulated by this Commission. The input used by Mr. Garrett's income approach oversimplifies the previously described transition and overstates CAPX leading to low-income valuations. Therefore, OCA witness Garrett's recommendation should be discounted, and the Commission should not adopt his adjustments to the UVEs' appraisals.

Q. Do you have any additional comments regarding your appraisal?

A. Yes, there is a minor issue concerning two real estate parcels, which I understand are no longer expected to be transferred to PAWC. These parcels were obtained by ICVWA in 2012 for $40,000. Being land, they have not experienced depreciation. The removal of the $40,000 from the OCLD is detailed as follows:

OCLD	$22,911,559
Land OCLD	$40,000
Adjusted OCLD	$22,871,559

The removal of the Land from the CORLD is detailed as follows:

CORLD	$60,489,847
Land CORLD	$51,080
Adjusted CORLD	$60,438,767

Considering the extent of the economic obsolescence taken in the cost approach, the removing the above-detailed land CORLD of $51,080 would not necessitate an adjustment to WADS Consultants' Cost Approach.

CONCLUSION

Q. Does this conclude your rebuttal testimony?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

VERIFICATION

I, Jerome C. Weinert, hereby state that the facts set forth in my Rebuttal Testimony, PAWC Statement No. 4-R, and accompanying exhibits, if any, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: June 10, 2026

Jerome C. Weinert

Jerome C. Weinert
Principal And Owner of
Weinert Appraisal and Depreciation Services, LLC

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

Pennsylvania-American Water Company
Hearing Exhibit No. 1

Pennsylvania-American Water Company ("PAWC") intends to move for admission of the following evidence at the Evidentiary Hearings in the above-captioned matter scheduled for July 17-18, 2026

A. **Hearing Exhibit No. 1** (Exhibit List)

B. **PAWC Statement No. 1** – Direct Testimony of Tracy J. Baer
   a. 24 pages of written testimony
   b. Exhibit TJB-1 (Application and Appendices A-K, as amended on January 13, 2026, January 21, 2026, and April 16, 2026)
      - Including the following CONFIDENTIAL Appendices
        - Appendix A-4, SDR 1_Attachment
        - Appendix A-4, SDR 17_Attachment
        - Appendix A 4.2
        - Appendix A-4.3
        - Appendix A-15a
        - Appendix A-16a-f

c. Exhibit TJB-2
d. Verification

C. **PAWC Statement No. 1-R** – Rebuttal Testimony of Tracy J. Baer
   a. 5 pages of written testimony
   b. Verification

D. **PAWC Statement No. 2** – Direct Testimony of Jed A. Fiscus
   a. 30 pages of written of testimony
   b. Exhibit JAF-1
   c. Exhibit JAF-2
   d. Exhibit JAF-3
   e. Exhibit JAF-4
   f. Exhibit JAF-5
   g. Exhibit JAF-6
   h. Verification

E. **PAWC Statement No. 2-R** – Rebuttal Testimony of Jed A. Fiscus
   a. 8 pages of written testimony
   b. Exhibit JAF-1R
   c. Exhibit JAF-2R
   d. Exhibit JAF-3R
   e. Exhibit JAF-4R
   f. Verification

F. **PAWC Statement No. 3** – Direct Testimony of Dr. Christina E. Chard
   a. 16 pages of written testimony
   b. Exhibit CEC-1
   c. Verification

G. **PAWC Statement No. 3-R** – Rebuttal Testimony of Dr. Christina E. Chard
   a. 13 pages of written testimony
   b. Verification

H. **PAWC Statement No. 4** – Direct Testimony of Jerome C. Weinert
   a. 24 pages of written testimony
   b. CV of Jerome C. Weinert
   c. Verification

I. **PAWC Statement No. 4-R** – Rebuttal Testimony of Jerome C. Weinert
   a. 14 pages of written testimony
   b. Verification

J. PAWC Exhibit RJ-1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 its water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in the Townships of Saltlick and Springfield, and portions of the Townships of Bullskin, Connellsville, Stewart and the Borough of Ohiopyle in Fayette County, and portions of the Townships of Donegal and Mount Pleasant and the Borough of Donegal in Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, *et al,*

INDIAN CREEK VALLEY WATER AUTHORITY

STATEMENT NO. 1

DIRECT TESTIMONY
OF

R. KERRY WITT

Date: October 31, 2025

ICVWA Statement No. 1

DIRECT TESTIMONY OF

R. KERRY WITT

I. INTRODUCTION

Q. Please state your name and address.

A. My name is R. Kerry Witt, and my address is 603 Indian Creek Valley Road, Indian Head, Pennsylvania 15446.

Q. By whom are you employed and in what capacity?

A. I am employed by the Indian Creek Valley Water Authority as the General Manager.

Q. What is your role with the Indian Creek Valley Water Authority?

A. I serve as the General Manager for the Indian Creek Valley Water Authority (the "Authority") and, therefore, am responsible for the day-to-day management of the Authority. I am also a resident of Saltlick Township, Fayette County, Pennsylvania, which is served by the Authority and which is one of the two original constituting municipalities of the Authority.

Q. Please describe your educational background and employment experience.

A. As stated above, I serve as the General Manager of the Indian Creek Valley Water Authority, where I have worked for forty-three (43) years. I received my bachelor's degree from Otterbein College in Westerville, Ohio, and my MSF degree in Forestry from West Virginia University in Morgantown, West Virginia in May of 1981. Additionally, I hold a Water Operator AE1 certification, with all 14 subclasses (inclusive), from the State of Pennsylvania.

Q. Have you previously testified before the Pennsylvania Public Utility Commission ("PUC" or "Commission")?

A. I have not.

Q. On whose behalf are you testifying in this proceeding?

A. I am appearing on behalf of the Authority.

II. BACKGROUND

Q. What does the Application seek from the Commission?

A. This Application submitted by the Pennsylvania-American Water Company ("PAWC"), seeks the Commission's approval of the PAWC acquisition of the Indian Creek Valley Water Authority Water System (the "System") that is owned and operated by the Authority (the "Transaction"). The Authority Board and Township Supervisors have a strong interest in the Application being approved by the Commission because they believe it will be in the best interest of their residents.

Q. Please provide a brief overview of the System.

A. The Authority owns and operates a 1.0 million gallons per day ("MGD") water treatment and distribution system that provides service to a total of approximately 2,389 customers in Saltlick Township, Springfield Township, Bullskin Township, Connellsville Township, Stewart Township, Donegal Township, Mount Pleasant Township, Ohiopyle Borough, and Donegal Borough. The System is operated seven (7) days a week.

The System consists of four (4) source water sites and four (4) water treatment facilities; approximately 123 miles of water main; ; 486 fire hydrant installations; eleven (11) water storage tanks: five (5) pump stations: seven (7) pressure reducing stations, as identified in the Authority's engineering assessment; and other infrastructure.

Q. Please describe the Authority.

A. The Authority is a municipal authority formed under the Municipality Authorities Act of 1945 and was incorporated on September 20, 1965, by Saltlick Township and Springfield Township. It is governed by a Board of Directors. The Authority is operated by one management employee, four (4) administrative employees, and five (5) operator and maintenance employees.

Q. Are the Authority and the Townships parties to the Asset Purchase Agreement, dated May 30, 2025 (the "APA")?

A. The Authority is a party to the APA. Saltlick Township and Springfield Township (the "APA Townships") are also parties to the APA. Upon closing of the sale to PAWC ("Closing"), it is anticipated that the Authority will be dissolved, and the APA Townships will assume the remaining assets and liabilities of the Authority, including certain representations and warranties under the APA.

Q. Please describe the purpose of your testimony and summarize key points.

A. The purpose of my testimony is to provide analysis from the perspective of the Authority regarding the substantial benefit that this Transaction will have. The Authority believes that this Transaction will serve the best interests of its customers . As part of the Transaction, the Authority will receive the net proceeds of the $32,800,000 sales price from the sale of its System. Following Closing, the Authority will be dissolved, outstanding debt will be satisfied, and all remaining assets will be conveyed to the APA Townships by operation of law. The APA Townships will use this money for public purposes mainly focused on the improvement of public infrastructure, which will greatly benefit the local community, including residents of the APA Townships and surrounding areas, well into the future.

The benefits of this Transaction will not be limited to the addition of public infrastructure improvements. The Transaction will also alleviate certain burdens, including the elimination of all Authority debt and the removal of the responsibility for compliance with increasingly stringent environmental requirements. In addition, the Transaction will provide funds that can be applied for various public purposes, including funding customer contributions to PAWC water line extension improvements to unserved areas and providing potential matching funds for state and federal grants to accomplish other infrastructure improvements. These expected benefits will help the APA Townships stabilize their real estate tax base by providing a way to address capital improvements without increasing real estate tax rates. The APA Townships intend to accomplish this goal by depositing proceeds of the Transaction into interest bearing accounts in order to grow the funds to utilize the returns as leverage for state and federal grants that will be used to improve infrastructure and services for the APA Townships' residents without the need to increase real estate taxes.

III. DESCRIPTION OF THE AUTHORITY AND REASONS FOR THE TRANSACTION

Q. Please describe the Authority generally.

A. The Authority provides water service to approximately 2,389 customers within nine municipalities covering an area of approximately 140 square miles. The Authority was established on September 20, 1965, under the Municipality Authorities Act of 1945. The Authority operates and maintains the System and all associated billing.

Q. Describe the financial challenges of the Authority over the past 25 years.

A. Due to the size of the Authority, environmental and safety compliance requirements, and staffing requirements, the Authority's operations, including its financial position, have

been and continue to be strained. The Authority has been forced to increase its water rates to address these financial concerns and absent a sale, would be forced to continue to increase rates across its relatively small customer base. The Authority is in an unfortunate position where it is often challenged to keep up with necessary capital projects becuase of the need to exercise restraint towards rates and charges increases to not burden its residents.

Q. Please describe the Authority's interest in the Transaction.

A. The interest of the Transaction from the perspective of the Authority is that the proceeds will be used to pay off long-standing debt and ensure that the residents and bulk customers receive efficient and proper water services. Environmental regulations continue to grow more stringent, and the Authority is quickly becoming more challenged to meet those environmental goals due to the size of the System, the size of the Authority's operating staff and its limited budget. As described above, the Authority's resources are limited and stretched, and increasing customer rates and charges are the primary source of revenue. The proceeds from the sale upon dissolution of the Authority will greatly benefit the Authority's customers and area residents because PAWC will provide critical operational and maintenance experience to maintain the System in a manner that is much more beneficial to the Authority customers and area residents. If this Transaction is not approved, the Authority will likely need to raise substantially customer rates and charges. In addition, the Authority would eventually have to complete various long-term asset management, maintenance, security, and improvement plans, which will only increase the stress on the Authority's limited finances and staff. Selling to PAWC will alleviate this stress and introduce a System operator well-positioned to provide the highest level of service to both customers and ensure compliance with environmental regulations.

Q. Are you aware of any specific interests of the APA Townships?

A. Yes, In addition to the broader benefits accruing to all customers served by the System, an important objective of the APA Townships is to stabilize their respective finances to maintain and increase public services all while avoiding the increase of real estate taxes. To that end, I understand that the proposed transaction can enable the APA Townships to facilitate PAWC water main extensions to unserved areas.

Q. Please summarize the Transaction and the rationale for the decision to enter into it.

A. The decision to sell the System occurred after careful consideration amongst Authority and officials of the APA Townships over a period of more than (2) years. The decision was not made either quickly or lightly. Various meetings and discussions were held between representatives of the Authority, Saltlick Township, and Springfield Township to discuss the possibility of selling. Both the Authority and the APA Townships agreed that selling the System would be beneficial to the Authority and its customers, as well as additional residents of the municipalities served, and all of the residents of the APA Townships, because the (i) economies of scale will not require substantial rates increases that would otherwise be required by the Authority; (ii) water service will be expanded to additional unserved areas of the municipalities served; (iii) a qualified and experienced company would be able to provide service that exceeds that provided by the Authority; and (iv) proceeds from the sale would be utilized to stabilize each APA Townships' respective tax base through targeted infrastructure and service improvements.

In 2022, representatives of the Authority Board and APA Townships began evaluating the benefits of selling the System to other water service operators and providers. As part of those discussions, Authority representatives reached out to representatives of

PAWC, the Municipal Authority of Westmoreland County ("MAWC"), and the North Fayette County Municipal Authority ("NFCMA"). Based on initial interest, the Authority began discussing and negotiating the potential sale of the System. Through these deliberations, the Authority determined that PAWC's proposal provided superior benefits for its customers at a reasonable purchase price compared to the fair market value of the System. Subsequently, PAWC provided a final offer letter to the Authority on or about January 17, 2024. Thereafter, the parties entered additional discussions and conducted some due diligence. The Authority Board mentioned the potential sale at several Board Meetings open to the public. On March 27, 2025, the Authority Board held two public meetings to provide information and solicit comments from the members of the public relating to the potential execution of an agreement of sale and transfer of certain Authority assets to PAWC, including the potential rate impacts of the Transaction. One public meeting was held in Saltlick Township and one public meeting was held in Springfield Township. Additionally, both public meetings were publicly advertised in a newspaper of general circulation within the Authority's service area and in accordance with the Sunshine Act. Furthermore, the Authority solicited written comment submissions from members of the public by mail or personal delivery at the Authority's office located in Saltlick Township. At its regular meeting held on March 27, 2025, the Authority Board acted to approve the original APA with PAWC. Thereafter, schedules and exhibits were finalized by the Authority's Solicitor and additional input and comments were received by the Authority. On May 22, 2025, after additional consideration of public comment and items raised as part of further discussions with representatives of PAWC, the Authority Board acted to approve an amendment to the APA. In addition to the May 27 special public

meeting and the regularly scheduled May 27 Authority Board meeting, members of the public were further permitted to attend and comment on the Transaction at the regualarly scheduled May 22nd Authority Board meeting,. The APA was executed on or about May 30, 2025. Thereafter, the parties have engaged in ongoing due diligence, pursuant to the terms of the APA.

Q. Has the Authority retained a Commission-approved Utility Valuation Expert ("UVE") to prepare a Fair Market Value Appraisal for use in this proceeding?

A. The Authority voted to retain Gannet Fleming Valuation and Rate Consultants, LLC at its May 5, 2025, re-scheduled regular meeting.

Q. Has the Transaction been approved by Saltlick Township and Springfield Township?

A. Saltlick Township and Springfield Township have each approved the sale at their respective public meetings. Members of the public were permitted to attend and comment on the Transaction.

IV. TRANSACTION BENEFITS

Q. Please describe the likely impact of the Transaction on the Authority and the APA Townships' residents?

A. As previously stated, the Transaction is anticipated to result in (i) economies of scale that do not require the substantial rates increases that would otherwise be required by the Authority; (ii) water service will be expanded to additional unserved areas of the municipalities served; (iii) a qualified and experienced company would be able to provide operational and administrative services far exceeding that provided by the Authority. Likewise, the APA Townships will utilize the funds to improve their respective infrastructure and services while maintaining real estate taxes at current levels if the

Transaction is finalized. While neither of the APA Townships has definitively confirmed the areas for which the funds would be utilized, several areas of interest are water line extensions to unserved areas, equipment acquisition, and recreational improvements within each APA Township. This Transaction will allow the APA Townships to stabilize their expenses and enhance revenues while maintaining current real estate tax rates. Additionally, the funds from the Transaction can be used to provide matching funds for grant applications to complete infrastructure improvements that are necessary and have not been completed for a number of years, mainly due to the lack of funding available from each APA Township's current revenues.

Q. Regarding the improved operations under PAWC, are there any such benefits you want to highlight?

A. Yes,, One of the key operational benefits is that the Transaction will provide an industry expert in PAWC to address the compliance issues surrounding the System to ensure environmental compliance in a much more efficient manner than what the Authority can provide, due to its size of workforce, limited expertise, and financial constraints. For example, the Authority's Grimm Spring facility has been the subject of a notice of violation, which will require considerable financial resources beyond those readily available to the Authority. Likewise, the Authority's Mill Run water treatment plant will require significant upgrades or replacement in the near future, which would also likely overextend the Authority's available financial resources. The operation of the System will be enhanced due to the strong staffing numbers and expertise that PAWC provides. PAWC will be better suited to engage the System customers because it has a large team that is devoted to customer service, while the Authority currently has a small administrative staff.

Also, I have been advised that PAWC has a dedicated Water Quality and Environmental Compliance department with professionals staffed to ensure that important compliance functions are performed correctly, in-house laboratory resources with computerized laboratory information systems, and Environmental Management Plans to track compliance activities. When combined with its shared resources already established in the areas served by the Authority, these characteristics should lead to more successful and efficient solutions to issues that arise within the System. When compared to the few facility employees the Authority currently employs, PAWC is better able to quickly solve multiple issues that threaten environmental compliance that can range from identifying broken waterlines to treatment facility breakdowns.

Additionally, Authority water customers will be provided with a more efficient bill payment process. PAWC provides more bill payment methods that are simpler and less costly for customers. Furthermore, PAWC has a much larger customer service staff that can handle any bill disputes or questions from Authority customers, whereas the Authority employs only a couple individuals who must handle all complaints. The Transaction will improve administrative and complaint functions in ways that cannot be offered to customers by the Authority.

Furthermore, PAWC would be able to complete management, maintenance, regulatory, security, and improvement plans for the System more efficiently and proposed expansion of the Authority's treatment capacity and the impact on rates because of this Transaction.

Q. Based on your understanding, will the Transaction adversely impact the public in any material way?

A. I am not aware of an adverse impact to the public. As stated above, this Transaction will have positive impacts on the Authority and its customers, as well as residents of the areas served who are not already Authority customers. Furthermore, the Authority discussed this sale at many public meetings advertised with agendas posted on its website, in the newspaper, and other places in accordance with the Pennsylvania Sunshine Act. These meetings were open to the public and the Authority Board invited the media to provide coverage. Only a small fraction of the Authority's total customers or residents of the areas currently served have voiced opposition to the Transaction as of the date of this testimony. While it may be possible for rates to be increased as a result of the Transaction, that remains speculative and would be subject to the jurisdiction of the PUC and based on a multiplicity of unknown factors. It is definitive, however, that rates would increase significantly absent a sale of the System.

Q. Do you believe that this Transaction is in the public interest?

A. Yes. I believe for the reasons stated above that approving this Transaction is in the best interest of the public. It will allow an experienced and trusted company to operate the System more efficiently from an operations and service perspective. Additionally, it will allow the APA Townships to expand service and accomplish infrastructure and service improvements, while maintaining, rather than increasing, its real estate tax rate.

V. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does. However, I reserve the right to file additional testimony later as may be necessary or appropriate.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 1102(a) 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, R. Kerry Witt, hereby state that the facts set forth in ICVWA Statement No. 1 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: October 31, 2025

R. Kerry Witt
General Manager
Indian Creek Valley Water Authority

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, *et al.*

INDIAN CREEK VALLEY WATER AUTHORITY

STATEMENT NO. 1-R

REBUTTAL TESTIMONY

OF

R. KERRY WITT

Date: June 10, 2026 ICVWA Statement No. 1-R

REBUTTAL TESTIMONY OF
R. KERRY WITT

INTRODUCTION

Q. WHAT IS YOUR NAME AND ADDRESS?

A. My name is R. Kerry Witt, and my address is 603 Indian Creek Valley Road, Indian Head, Pennsylvania 15446.

Q. ARE YOU THE SAME R. KERRY WITT WHO PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF INDIAN CREEK VALLEY WATER AUTHORITY (THE "AUTHORITY")?

A. Yes. Terms defined in my direct testimony have the same meaning in this rebuttal testimony.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?

A. The purpose of my testimony is to rebut the testimony of LeeAnn Wise ("Ms. Wise") on behalf of the Pennsylvania Office of Consumer Advocate ("OCA") regarding both: (1) Ms. Wise's mischaracterization and understatement of the Authority's maintenance and environmental compliance challenges, and (2) Ms. Wise's incomplete and erroneous assumptions and conclusions relating to rate increases that would be necessary in the event the Transaction is not completed.

Q. PLEASE SUMMARIZE THE ISSUES YOU WILL BE ADDRESSING AND YOUR RESPONSES TO: (1) THE NATURE OF IMPROVEMENTS MADE AND ANTICIPATED; (2) THE NON-SALE RATE INCREASES OTHERWISE ANTICIPATED BY THE AUTHORITY; AND (3) THE AUTHORITY'S COMPLIANCE WITH FEDERAL AND STATE CYBERSECURITY REGULATIONS.

A. I will be addressing the nature of the improvements anticipated by the Authority as being more than simply "standard improvements" and, instead, showing how those extensive improvements go to the core of the Authority's compliance challenges. I will also be addressing the non-sale rate increases that the Authority estimates will be necessary if the Transaction is stalled or is not completed. Lastly, I will also be addressing the Authority's recent experience with a cybersecurity incident and the challenges the Authority has faced while: (1) working to identify the scope and extent of the incident, (2) evaluating its compliance obligations in response to the incident, and (3) attempting to resume regular operations following the incident.

Q. IN HER DIRECT TESTIMONY, MS. WISE CHARACTERIZED THE ANTICIPATED PROJECTS OF THE AUTHORITY AS "STANDARD IMPROVEMENTS". ARE THESE PROJECTS MERELY STANDARD IMPROVEMENTS OR, RATHER, ARE THEY MAJOR PROJECTS INTENDED TO ADDRESS SERIOUS COMPLIANCE CONCERNS AND DEFERRED MAINTENANCE?

A. I believe my testimony has made it clear that the Authority has experienced significant compliance issues over the past five years and beyond. Furthermore, the Authority does not anticipate that those compliance challenges will abate in the future, particularly as the environmental and regulatory environment for the Authority will not become less onerous. Please refer to Schedule 4.1(p) of the APA and PAWC Statement No. 2, Exhibits JAF-4 and JAF-5 for a summation of the Authority's ongoing and recent environmental compliance issues. Improvements already completed and anticipated for the System are not merely "standard improvements." Rather, they constitute extensive and significant

improvements intended to address considerable deferred maintenance and resulting compliance concerns at commensurate considerable cost to the Authority. It is true that the Authority has completed some work intended to address prior and ongoing compliance concerns. For example, the Authority added the 214,000-gallon Clinton Sister Water Tank in Saltlick Township, Fayette County in 2025. It also installed a 178,000-gallon Ohiopyle Sister Water Tank in Stewart Township, Fayette County in 2026. Similarly, from 2024 through 2026, the Authority has budgeted over $1,100,000 to upgrade its Supervisory Control and Data Acquisition (SCADA) equipment. However, Ms. Wise's testimony overlooks that in recent years, the Authority has had to table five compliance projects due to overall funding concerns. These include: (1) the Bulk Water Fill Station Project; (2) a major rehabilitation of the Authority's Mill Run Treatment Plant; (3) the Fowl Hill Water Line Replacement Project; (4) the Mason, Stewarton, Baptist Church Road Water Line Extension Project; and (5) the Water Allocation/Treatment Plant Project along the Yough River in Ohiopyle Pennsylvania. Additionally, the Authority's Grimm Spring has been the subject of recent notices of violation and will require extensive work to resume compliant service. Several of these projects are intended to address compliance concerns independently identified by the Authority or formally recognized by the Department of Environmental Protection. Unfortunately, the Authority does not have the direct ability to fund these projects. These anticipated projects are not "standard improvements" as suggested by Ms. Wise; they are massive undertakings, particularly for a municipal authority with limited size and resources like the Authority. Unfortunately, economic factors, including, without limitation, increasing staffing, materials, and contractor costs, and the increasing requirements of the regulatory environment make the provision of

adequate water service difficult for the Authority now and likely impossible in the future. Additionally, the Authority's capacity to improve compliance with these major projects is severely challenged by the complete lack of succession planning. As testified previously, staffing issues are of particular concern because the Authority has not developed a comprehensive succession plan for me, as the General Manager of the Authority nearing retirement. No other current Authority employee has the operational management expertise needed to step into and fulfill my role, including in the planning and implementation of these anticipated compliance projects. The Authority's recent attempts to identify, hire, and retain a similarly-qualified successor have been unsuccessful. While the Authority could retain a third-party consulting engineer, that is not a reasonable long-term replacement for a full-time manager due to the added costs and the intermittent nature of consulting services. It would also lead to administrative and operational challenges as the Authority leadership is unfamiliar with that model and the consulting engineer would require considerable time to acclimate to the system.

Q. IN HER DIRECT TESTIMONY, MS. WISE INDICATES THAT THE RATE INCREASES RESULTING FROM THE TRANSACTION WILL EXCEED THOSE OTHERWISE ANTICIPATED BY THE AUTHORITY IF THE TRANSACTION WERE NOT COMPLETED. IF THE TRANSACTION WERE NOT COMPLETED, WHAT RATE INCREASES DOES THE AUTHORITY ANTICIPATE BEING NECESSARY TO COVER ALL NEEDED STAFFING, OPERATIONAL NEEDS, COMPLIANCE REQUIREMENTS, AND PROJECTS? HOW WOULD THOSE NON-SALE RATE INCREASES COMPARE TO POTENTIAL SALE RATE INCREASES?

A. The direct testimony fails to consider the considerable costs that would be borne by the Authority if the Transaction is not completed. Those considerable costs include increased capital improvement costs to address compliance needs, additional project costs to address deferred maintenance needs, increased general operational costs, and increased staff compensation, hiring, training, and retention costs. The Authority has not experienced a meaningful decrease in costs in any of the above categories over the past several years and does not anticipate any decline. The operational environment for the Authority over the last decade has only resulted in increased costs. For example, like PAWC, the Authority estimates that it would need to incur: (1) costs in excess of $10,100,000 for capital improvements to address compliance concerns; (2) additional costs in excess of $2,400,000 to address deferred maintenance needs to address facility compliance and equipment rehabilitation; (3) increased annualized costs of $725,000 for general, technological, and safety improvement costs; and (4) increased annualized costs of $925,000 for new and replacement staff hires, compensation, training, and retention costs. Furthermore, it is generally recommended that the Authority should carry a reserve fund sufficient to protect the Authority from unforeseen emergent future expenditures as well. As recommended by the Government Finance Officers Association, to ensure continued, uninterrupted operations and to mitigate ongoing risk and address contingencies, such reserve fund should be funded with between two months' (16.67%) and three months' (25.00%) of the annual expenditures of the Authority. Therefore, following such recommendation, the Authority would maintain a reserve fund between approximately $400,000 and $600,000. These costs, separately and in the aggregate, cannot be realistically paid or reimbursed through alternative sources and without raising the Authority's current rates. For example,

USDA and PENNVEST financing is competitive, not guaranteed, and comes at considerable cost as well (e.g., transactional costs and ongoing compliance costs). Therefore, these costs would need to be divided between the Authority's 2,389 customers alone. The division of annualized costs divided between the Authority's customers would result in an increase of customer monthly rates of $57.56. PAWC would not have those costs due to its existing capabilities and economies of scale. Using a twenty-year amortization period, the capital improvements, deferred maintenance, and reserve fund costs would result in increased customer monthly rates of $27.53.[1] Accordingly, the resulting total estimated monthly rate increases for operating a fully-operational and fully-compliant System would be $85.09. This non-sale monthly rate increase is higher than the estimated post-sale monthly rate increase for customers when all such costs are divided between System customers (i.e., $85.09 as compared to $69.90). This non-sale monthly rate increase is also considerably higher than the actual post-sale monthly rate for System customers if all such costs are allocated among PAWC's broader customer base.

Q. IN HER DIRECT TESTIMONY, MS. WISE INDICATES THAT THE AUTHORITY IS CURRENTLY IN COMPLIANCE WITH ALL STATE AND FEDERAL REGULATIONS RELATED TO THE PHYSICAL AND CYBER SECURITY IN PLACE FOR ITS OPERATIONS. BASED ON A RECENT CYBERSECURITY INCIDENT AT THE AUTHORITY, IS THAT STATEMENT ACCURATE?

A. Following the completion and submission of the Authority's Responses to OCA Interrogatories Set 2, the Authority was made aware of a cybersecurity incident whereby

[1] This calculation assumes a reserve fund amount of $500,000 and uses a 2.0% interest rate for amortization purposes.

one or more third parties claimed to have breached Authority cybersecurity systems and accessed Authority electronic files and data. This cybersecurity attack raises serious concerns for the Authority. The Authority is presently in the process of evaluating these claims and verifying the scope and extent of this cybersecurity incident. This includes attempting to determine the extent to which cybersecurity systems were breached and whether any sensitive information existed in the Authority's electronic records and were improperly accessed. The Authority is presently in the process of evaluating the full scope and extent of this incident and its cybersecurity obligations under applicable federal and state cybersecurity regulations. Although its investigation remains ongoing and the Authority has not concluded that it is in violation of any applicable regulations, this incident raises serious questions regarding the Authority's compliance. As a result, the Authority is unable to affirm or certify that it is presently in compliance with federal and state cybersecurity regulations. Likewise, the seriousness of the cybersecurity incident and the resulting disruption in operations have made it very difficult to return to normal pre-incident operations.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, this concludes my rebuttal testimony. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, *et al.*

INDIAN CREEK VALLEY WATER AUTHORITY

STATEMENT NO. 1-R

EXHIBITS
OF

R. KERRY WITT

NONE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 1102(a) 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, R. Kerry Witt, hereby state that the facts set forth in ICVWA Statement No. 1-R and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 10, 2026

R Kerry Witt

R. Kerry Witt
General Manager
Indian Creek Valley Water Authority

BEFORE THE
PENNSYVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, et al.

DIRECT TESTIMONY
OF
HAROLD WALKER, III

FAIR MARKET VALUE APPRAISAL

INDIAN CREEK VALLEY WATER AUTHORITY
WATER SYSTEM ASSETS

Prepared by:

Gannett Fleming Valuation and Rate Consultants, LLC

October 2025 ICVWA Statement No. 2

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INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Harold Walker III, and my business address is 1010 Adams Avenue, Audubon, Pennsylvania.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") as Manager, Financial Studies.

Q. WOULD YOU DESCRIBE BRIEFLY GANNETT FLEMING?

A. Yes. Since 1915, Gannett Fleming and its predecessors have been helping clients in public pricing policy and related financial matters for managerial purposes, before regulatory commissions and courts of law. Gannett Fleming is registered as a Utility Valuation Expert ("UVE") in the Commonwealth of Pennsylvania. Gannett Fleming is a subsidiary of Gannett Fleming, Inc.

Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER, FINANCIAL STUDIES OF GANNETT FLEMING?

A. I supervise and develop financial and economic studies on behalf of investor-owned and municipally-owned water, wastewater, electric, natural gas distribution and transmission, oil pipeline, and telephone utilities, as well as resource-recovery companies.

Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND YOUR EDUCATIONAL BACKGROUND AND EMPLOYMENT EXPERIENCE?

A. My educational background, business experience and qualifications are provided in a Curriculum Vitae included as **Appendix HW-1**.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION?

A. Yes. I have testified before the Pennsylvania Public Utility Commission ("Commission" or "PUC"), as well as other state regulatory commissions, on many occasions, as shown on **Appendix HW-1**.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. My Direct Testimony describes and explains the fair market value appraisal of the Indian Creek Valley Water Authority ("ICVWA") water system assets ("Water System") that I and staff, working under my direction, performed. Gannett Fleming was engaged by ICVWA to perform this appraisal. Our report is entitled "Indian Creek Valley Water Authority Water System Assets Fair Market Value Appraisal at May 30, 2025" ("Appraisal Report"). The appraisal and its report were developed to meet the criteria established in Section 1329 of the Pennsylvania Public Utility Code ("Code"), 66 Pa. C.S. § 1329 ("Determination of the fair market value of water and wastewater assets").

In its 2015-2016 legislative session, the Pennsylvania Legislature passed Act 12 of 2016 and Governor Wolf signed Act 12 into law adding Section 1329 of the Code which established the legislative requirements facilitating the acquisition of municipal and

authority water and wastewater systems by private investor-owned utilities and other entities which are rate-regulated by the Commission. This legislation was intended to facilitate the acquisition of water and wastewater systems in order to facilitate capital improvements to the water and wastewater properties.

QUALIFICATION AS UTILITY VALUATION EXPERT

Q. IS GANNETT FLEMING ON THE COMMISSION'S REGISTRY OF UTILITY VALUATION EXPERTS?

A. Yes. Gannett Fleming is a UVE in the Commonwealth of Pennsylvania approved by the PUC (Utility Code 9919244).

Q. PLEASE DESCRIBE THE PROCESS BY WHICH GANNETT FLEMING WAS PLACED ON THE COMMISSION'S REGISTRY OF UTILITY VALUATION EXPERTS.

A. After passage of Section 1329 of the Code, the Commission established an application process by which the Commission would approve and designate firms to be placed on the Commission's "Registry of Utility Valuation Experts." To be included on the registry, the UVEs must establish their qualifications. Gannett Fleming submitted its original application and the required proof of experience in September of 2016 and received confirmation and approval from the Commission of Gannett Fleming's placement on the Commission's UVE Registry in December of 2016. Renewal of inclusion on the Commission's UVE Registry must be done annually. Gannett Fleming has timely submitted annual renewal applications since its initial inclusion and has been confirmed

for continued placement on the Commission's UVE Registry each year since 2016, including most recently in February of 2025.

Q. HAVE YOU EVER HAD YOUR PROFESSIONAL CREDENTIALS REVOKED OR SUSPENDED?

A. No.

Q. DO YOU HAVE SPECIFIC EXPERIENCE WITH THE VALUATION AND APPRAISAL OF UTILITY ASSETS?

A. Yes. In addition to serving as an expert witness on various financial and economic matters before utility regulatory commissions for over 35 years, I have also provided valuations of utility asset services for more than 20 years. In that capacity I have testified on valuation matters before the Commission and sponsored or adopted Gannett Fleming's UVE appraisals under Section 1329 of the Code in the New Garden Township proceeding, the Limerick Township proceeding, the East Bradford Township proceeding, the Mahoning Township (water) proceeding, the Mahoning Township (wastewater) proceeding, the Exeter Township proceeding, the Cheltenham Township proceeding, the East Norriton Township proceeding, the Kane Borough proceeding, the Delaware County Regional Water Quality Control Authority proceeding, the Borough of Royersford proceeding, the Valley Township (water) proceeding, the Valley Township (wastewater) proceeding, the Upper Pottsgrove proceeding, the Lower Makefield Township proceeding, the East Whiteland Township proceeding, the Willistown Township proceeding, the Shenandoah Borough proceeding, the City of Beaver Falls proceeding, the Butler Area Sewer Authority

proceeding, the Borough of Brentwood proceeding, the Greenville Sanitary Authority proceeding, the Elizabeth Borough Municipal Authority proceeding, and the Municipal Authority of the Borough of Greenville proceeding.

In addition to testifying in Section 1329 proceedings, I have also testified and filed reports on valuation matters in California, Illinois, New Hampshire, and Pennsylvania in courts of law and regulatory commissions.[1]

Q. HAVE YOU OR GANNETT FLEMING OR ANY OF ITS STAFF DERIVED ANY MATERIAL FINANCIAL BENEFIT FROM THE SALE OF THE WATER SYSTEM'S ASSETS OTHER THAN FEES FOR YOUR SERVICES RENDERED?

A. No.

Q. ARE YOU OR GANNETT FLEMING OR ANY OF ITS STAFF AN IMMEDIATE FAMILY MEMBER OF A DIRECTOR, OFFICER, OR EMPLOYEE OF EITHER PENNSYLVANIA-AMERICAN WATER COMPANY ("PAWC") OR THE ICVWA?

A. No.

Q. IS GANNETT FLEMING IN COMPLIANCE WITH APPLICABLE PENNSYLVANIA LAWS?

A. Yes.

[1] An electronic link to the PA PUC Dockets where I have testified in the last two years is provided in response to Section 1329 Application Standard Data Request 15-d. All other testimony relating to valuation is more than two years old and, therefore, is not provided.

Q. DOES GANNETT FLEMING HAVE THE FINANCIAL AND TECHNICAL FITNESS, INCLUDING PROFESSIONAL LICENSES AND TECHNICAL CERTIFICATIONS, TO PERFORM A FAIR MARKET VALUATION OF THE WATER ASSETS OF THE ICVWA?

A. Yes, to be placed on the Commission's "Registry of Utility Valuation Experts" Gannett Fleming had to establish its qualifications.

Q. ARE YOU AWARE OF ANY FACT, INCLUDING BUT NOT LIMITED TO ANY POTENTIAL CONFLICT OF INTEREST THAT WOULD CAST DOUBT UPON YOUR ABILITY TO PROVIDE A THOROUGH, OBJECTIVE, UNBIASED, AND FAIR VALUATION IN THIS PROCEEDING?

A. No.

Q. HAVE YOU CORRESPONDED WITH BUYER'S UVE WITH REGARD TO ITS RESPECTIVE FAIR MARKET VALUE APPRAISAL OF THE ASSETS AT ISSUE IN THIS CASE?

A. No.

Q. DO YOU HAVE ANY AFFILIATION WITH EITHER THE SELLING UTILITY OR THE ACQUIRING PUBLIC UTILITY?

A. No. Other than the current assignment to provide the subject appraisal, and similar assignments to provide appraisals of other utility systems, I have no business or personal relationships with any party to the proposed acquisition.

FEES PAID FOR UTILITY VALUATION EXPERT SERVICES

Q. WHAT IS THE GANNETT FLEMING FEE ARRANGEMENT TO DELIVER THE APPRAISAL?

A. Gannett Fleming is being compensated on an hourly basis. Our fee arrangement is included as **Appendix A-7.2** to PAWC's Application. True, correct, and complete copies of Gannett Fleming's invoices to ICVWA for this matter, as of the date of PAWC's Application filing, are also included in **Appendix A-7.2**.

Q. WHAT IS THE ESTIMATED TOTAL COMPENSATION THAT GANNETT FLEMING WILL RECEIVE FOR ITS SERVICES IN THIS MATTER?

A. The estimated total compensation that Gannett Fleming will receive for its services in this matter as of the date of PAWC's Application filing is approximately $30,000, which represents approximately 0.07% of the fair market valuation. I estimate our fee will total $75,000 if this proceeding is fully litigated, which represents approximately 0.18% of the fair market valuation.

Q. PLEASE DESCRIBE THE PROCESS BY WHICH THIS COMPENSATION WAS NEGOTIATED?

A. Gannett Fleming submitted a proposal to provide the required services in May 2025, which the ICVWA accepted in June 2025.

Q. ARE THESE FEES CONSISTENT WITH COMPENSATION RECEIVED FOR SIMILAR SERVICES PROVIDED TO OTHER CLIENTS?

A. Yes.

Q. WILL GANNETT FLEMING RECEIVE ITS FEE REGARDLESS OF WHETHER THE COMMISSION APPROVES THE PROPOSED TRANSACTION OR WHETHER IT CLOSES?

A. Yes. 66 Pa. C.S. § 1329(a)(3) mandates that I comply with the Uniform Standards of Professional Appraisal Practice ("USPAP") when developing an appraisal. Under the USPAP, I cannot perform the appraisal with bias, and acceptance of a fee contingent on a particular outcome, like closing or Commission approval, would violate the Ethics Rule.

Q. ARE YOU ADVOCATING FOR ANY PARTY OR OUTCOME?

A. No. The Ethics Rule of the USPAP, applicable here pursuant to 66 Pa. C.S. § 1329(a)(3), requires that I perform the appraisal with impartiality, objectivity, and independence, and without accommodation of personal interests. I have not performed this appraisal assignment with bias, and I am not advocating the cause or interest of any party or issue. Further, I have not accepted this or any assignment that includes the reporting of predetermined opinions and conclusions.

FAIR MARKET VALUATION OF WATER SYSTEM ASSETS

Q. PLEASE IDENTIFY APPENDIX A-5.2 TO PAWC'S APPLICATION IN THIS PROCEEDING?

A. **Appendix A-5.2** of PAWC's Application includes Gannett Fleming's Appraisal Report.

Q. HOW DO YOU RECOGNIZE IT?

A. I personally prepared, and also directed and supervised Gannett Fleming personnel in preparing, the Appraisal Report, and recognize it as Gannett Fleming's work product.

Q. IS APPENDIX A-5.2 A TRUE, COMPLETE, AND ACCURATE COPY OF THE GANNETT FLEMING APPRAISAL REPORT?

A. Yes, and I incorporate it into my Direct Testimony as if set forth in its entirety.

Q. PLEASE DESCRIBE THE PROCESS BY WHICH YOU PREPARED THE GANNETT FLEMING APPRAISAL REPORT.

A. In accordance with Section 1329 of the Code, ICVWA engaged Gannett Fleming to prepare the Appraisal Report of the Water System. The ICVWA provided financial statements and budget statements regarding the Water System and a copy of the Engineering Assessment[2] as required by Section 1329(a)(4). In addition, Gannett Fleming reviewed the assets, reviewed additional information provided by the ICVWA, and conducted additional research regarding the ICVWA and the Water System, including a site visit. After those activities and data gathering, we developed the Appraisal Report.

The Appraisal Report contains a letter of transmittal; a table of contents detailing all the sections of the report and work papers; and a narrative report explaining our methodology and conclusions.

The intent of the Appraisal Report is to provide the appraisal results, as well as the entire appraisal work file, in sufficient detail to satisfy the parties' and Commission's

[2] "Indian Creek Valley Water Authority, Fayette and Westmoreland Counties, Pennsylvania, Water Facilities Engineering Assessment and Original Cost," dated September 2025, prepared by Bankson Engineers, Inc.. *See* Application, **Appendix A-15-a**.

review requirements of Section 1329 and the Commission's Final Implementation Order, *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Order Entered October 27, 2016) (*2016 FIO*); Final Supplemental Implementation Order, *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Order Entered February 28, 2019) (*2019 FSIO*); and Final Supplemental Implementation Order, *In re: Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 (Order Entered July 2, 2024) (*2024 FSIO*). In addition to a copy of the Appraisal Report, I have provided supporting work papers for the appraisal in **Appendix A-4.3** of PAWC's Application, which have been submitted to the Commission and provided to the public advocates in **CONFIDENTIAL** live electronic format.

Q. IS THERE ANYTHING THAT YOU WOULD CHANGE IN THE GANNETT FLEMING APPRAISAL REPORT SINCE ITS PREPARATION?

A. No.

Q. WAS THE FAIR MARKET VALUATION OF THE WATER SYSTEM ASSETS DETERMINED IN COMPLIANCE WITH USPAP?

A. Yes. Our fair market valuation was determined in compliance with USPAP 2024 Edition.

Q. DID YOU EMPLOY THE COST, MARKET, AND INCOME APPROACHES IN PREPARING YOUR VALUATION?

A. Yes.

Q. DID YOU INCLUDE ANY EXTRAORDINARY ASSUMPTIONS OR HYPOTHETICAL CONDITIONS IN DEVELOPING YOUR VALUATION?

A. No.

Q. DID YOU INCLUDE ANY LIMITING CONDITIONS IN DEVELOPING YOUR VALUATION?

A. Yes. We accepted all information and data provided by the ICVWA as it pertains to this assignment "as is" after a limited review. That is, we neither audited nor verified any data, engineering assessment, financial record or operating data provided for this assignment. We assumed all title to all assets included in the appraisal is good and marketable and no hazardous conditions or materials exist which could affect the assets. We have not made a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, the American Disabilities Act of 1990, and this valuation does not consider the effect, if any, of noncompliance.

The economic and industry information and data included in our Appraisal Report have been obtained from various printed or electronic reference sources that we believe to be reliable. We have not performed any corroborating procedures to substantiate that information and data.

Q. PLEASE SUMMARIZE YOUR RESULTS OF THE APPLICATION OF THE COST, MARKET, AND INCOME APPROACHES.

A. Please see the below table:

Approach	Indicated Value	Weight	Weighted Value
Cost Approach	$53,547,750	33.33%	$17,849,250
Market Approach	30,233,575	33.33%	10,077,858
Income Approach	38,576,359	33.33%	12,858,787
		100%	$40,785,895
Conclusion			**$40,785,895**

Q. DID YOU USE THE DEFAULT VALUATION WEIGHTS OF ONE-THIRD EACH FOR COST, MARKET, AND INCOME, AS PRESCRIBED BY THE COMMISSION IN THE 2024 FSIO?

A. Yes.

Q. PLEASE FURTHER DESCRIBE EACH APPROACH IN THE DEVELOPMENT OF YOUR APPRAISAL.

A. We developed our appraisal utilizing the cost, income, and market approaches as required by USPAP and Section 1329 of the Code. We used seven methods under the Cost, Market, and Income Approaches to valuation: Original Cost Method, Replacement Cost Method, Capitalization of Earnings Method, Market Multiple Discounted Cash Flow Method, Capitalization Discounted Cash Flow Method, Market Multiples Method, and the Selected Transactions Method.

The results from the market multiple discounted cash flow method and the capitalization discounted cash flow method form the basis for our Income Approach. Our Market Approach is supported by the market multiples method and selected transactions method. The results from the original cost method form the basis for our replacement cost method, and both methods form the basis for our Cost Approach. These approaches are summarized below.

Cost Approach. The cost approach utilized the original cost method and replacement cost method. The original cost method determined the original cost of the assets when "new" or first constructed based on the information contained in the Engineering Assessment. The original cost new inventory was then trended using the Handy Whitman Index of Public Utility Construction Costs for the water industry to produce the trended cost, or reproduction cost, and was converted to replacement cost new after obsolescence was factored. The calculated accrued depreciation was determined for the original cost new and for the replacement cost new as of May 30, 2025. The calculated accrued depreciation was based on the assets' attained ages, and the service life of the assets. The cost basis of depreciable assets was reduced annually by the accumulated depreciation to reflect the loss in the service value of the assets since being constructed. All land and land rights were valued at original cost.

Income Approach. The income approach utilized the capitalization of earning (cash flow) method and two discounted cash flow methods. The capitalization of earning method converted a single base economic income number to a value by dividing it by a capitalization rate. The discounted cash flow methods used estimates of future debt free net cash flow and discounted them to arrive at a present value or price of the cash flows. The capitalization rate and the discount rate were developed based on market debt and equity rates at the appraisal date. The discounted cash flow methods reflected two types of discounted cash flow analyses, the EBIT and EBITDA terminal value model (market multiple discounted cash flow method) and a capitalization of terminal value model (capitalization discounted cash flow method).[3]

[3] EBIT is earnings before interest and taxes and EBITDA is earnings before interest, tax, depreciation, and amortization.

Market Approach. The market approach was developed based on the market multiples method and the selected transaction method. The market multiples method was based on the market price data of publicly traded corporations engaged in the same or a similar line of business as the Water System. The market price data of these comparable publicly traded corporations was used to calculate the market multiples for the comparable publicly traded corporations at the appraisal date. The selected transactions method used certain public information relating to the purchase or sale of businesses involved in the same or a similar business line as the Water System to calculate market multiples at the time of transaction (sale/purchase). The calculated market multiples determined by the market multiples method and the selected transaction method were then multiplied by the corresponding Water System financial and operating statistic to produce an indicated value for the Water System.

Q. PLEASE STATE THE NUMBER OF CUSTOMERS YOU USED IN DEVELOPING YOUR APPRAISAL AND THE SOURCE OF THAT NUMBER.

A. The number of customers I used was 2,603. This customer count number was provided by ICVWA's 2024 Primary Facility Report.

Q. DID YOU MAKE ANY UPDATES TO YOUR APPRAISAL REPORT AFTER IT WAS SUBMITTED TO ICVWA, AND IF SO, WHAT WAS THE UPDATE, WHEN WAS IT MADE, AND WHY WAS IT NECESSARY?

A. No.

Q. DID YOU PERFORM AN ON-SITE INSPECTION OF THE WATER SYSTEM?

A. Yes. Gannett Fleming viewed the Water System assets on September 24, 2025.

Q. DID YOU RELY UPON A LICENSED ENGINEER'S ASSESSMENT OF THE TANGIBLE ASSETS OF THE WATER SYSTEM IN PERFORMING YOUR VALUATION?

A. Yes. The ICVWA provided a copy of the Engineering Assessment and this information was incorporated into our Cost Approach in our valuation.

Cost Approach

Q. DID YOU USE THE REPRODUCTION COST OR THE REPLACEMENT COST IN YOUR COST APPROACH?

A. We utilized 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 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.

Q. WHAT INDEX, IF ANY, DID YOU USE FOR THAT METHOD?

A. The OCN inventory was trended using the Handy Whitman Index of Public Utility Construction Costs for the water industry to produce the reproduction cost new.

Q. UNDER YOUR APPLICATION OF THE COST APPROACH WHAT ASSETS DID YOU VALUE OR TREND DIFFERENTLY FROM OTHER ASSETS AND WHY WAS THAT NECESSARY?

A. We did not trend land and land rights. That is, all land and land rights were valued at original costs. Plant accounts were trended mainly using the Handy Whitman plant account indices. In limited instances, when Handy Whitman plant account indices were not available, we used the U.S. Bureau of Labor Statistics, Producer Price Index which best matches the assets being trended.[4]

Q. UNDER YOUR APPLICATION OF THE COST APPROACH, WHAT YEAR-END DATE DID YOU USE FOR CALCULATING THE DEPRECIATION RESERVE?

A. We used the date of May 30, 2025.

Q. HOW DID YOU DETERMINE THE DEPRECIATION PARAMETERS OF SURVIVAL/RETIREMENT CHARACTERISTICS AND SERVICE LIVES FOR THE UTILITY PROPERTY UNDER THE COST APPROACH?

A. We determined the average service lives of depreciable assets based on the materials used for construction and how long the depreciable assets are likely to meet service demands.

Q. WHY ARE THOSE PARAMETERS APPROPRIATE?

[4] The plant accounts for which Handy Whitman indices were not available included: 340.10 Office Furniture and Equipment, 340.20 Computer and Software, 341.00 Transportation Equipment, 343.00 Tools, Shop and Garage Equipment, 344.00 Laboratory Equipment, 345.00 Power Operated Equipment, and 346.00 Communication Equipment.

A. We believe our average service lives of depreciable assets are appropriate based on our experience of having determined average service lives for numerous other water and wastewater utilities and given the fact they resemble those used by other Pennsylvania water companies.

Q. IF YOU DID NOT USE THE ORIGINAL COST METHOD, WHAT IS THE SYSTEM'S ORIGINAL COST AND ORIGINAL COST LESS DEPRECIATION?

A. The OCN of the Water System's utility plant in service as of May 30, 2025, was not less than $33.0 million ($33,029,748 rounded). The OCNLD Study also determined a theoretical calculated accrued depreciation reserve of the utility plant in service of $10.2 million ($10,219,932 rounded) as of May 30, 2025. After factoring in the OCNLD Study's accrued depreciation reserve, the OCNLD of Water System's utility plant in service as of May 30, 2025, was determined to be $22.8 million ($33,029,748 - $10,219,932 = $22,809,816).

Income Approach

Q. REGARDING YOUR APPLICATION OF THE INCOME APPROACH, WHAT METHOD DID YOU USE TO DETERMINE THE INCOME APPROACH RESULT?

A. We used the Market Multiple Discounted Cash Flow Method ("Market Multiple DCF"), and Capitalization Discounted Cash Flow Method ("Capitalization DCF") to determine the Income Approach result. We refer to the Market Multiple DCF and the Capitalization DCF collectively as the DCF method. We used the capitalization of earning method to estimate

value under current ownership and operations. The capitalization of earning method was not used to determine the Income Approach result.

Q. WHAT ASSUMPTIONS DID YOU EMPLOY TO DEVELOP YOUR INCOME APPROACH RESULT?

A. All general assumptions are listed on page 3 of Exhibit 12, and page 6 of Exhibits 13, 14, 15 and 16 of the Appraisal Report.[5]

Q. DID YOU USE PAWC'S CAPITALIZATION RATE OR THEIR DISCOUNT RATE IN YOUR INCOME APPROACH TO VALUATION?

A. No. Use of PAWC's capitalization rate or its discount rate in an income approach to valuation is not consistent with the standard of value of fair market value because the "buyer" under the standard of value of fair market value is not a specific entity (i.e., PAWC), but rather a hypothetical buyer. Use of PAWC's capitalization rate or its discount rate in an income approach to valuation is only used under the standard of value of investment value.[6] In accordance with Section 1329 of the Code, the standard of value is fair market value, not investment value.

Q. PLEASE EXPLAIN THE CAPITALIZATION RATE AND THE DISCOUNT RATE USED IN YOUR INCOME APPROACH TO VALUATION.

[5] Exhibit references herein are to the Exhibits in the Appraisal Report.

[6] Pratt, Shannon P. "Defining Standards of Value." Valuation 34, no. 2, June 1989. http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf.

A. The capitalization rate used in the capitalization of earnings method and the discount rate used in the DCF method are related. The discount rate is the opportunity cost rate related to the risk of the cash flows. The capitalization rate is simply the discount rate minus the expected growth rate. If no growth is assumed, the capitalization rate is equal to the discount rate.

As explained previously, under the standard of value of fair market value the "buyer" is not a specific entity (i.e., PAWC), but rather a hypothetical buyer. Accordingly, the hypothetical bidder/buyer may range from large regional municipal authorities ("MUNI") to investor-owned utilities ("IOU"). For a MUNI, the appropriate discount rate is the current municipal revenue bond yield on May 30, 2025, of 4.76%. The appropriate IOU discount rate is the current net of tax overall cost of capital (weighted average cost of capital) on May 30, 2025, and ranges from 8.92% to 11.61%.[7]

For a MUNI, the appropriate discount rate is the current municipal revenue bond yield, 4.76%, because debt is the only major source of capital available to finance an acquisition (developed on Exhibit 23, pages 2-5). Although a MUNI likely carries equity on their books (balance sheet), all existing equity is already invested in other assets and therefore, cannot be used to finance an acquisition.[8] For valuation purposes, an embedded cost of debt, or the historical cost of all debt issuances outstanding is not used because this capital is already invested in assets. Whereas the marginal cost of debt, 4.76%, at the

[7] Both the American Society of Appraisers, ASA Business Valuation Standards, 2009, and the National Association of Certified Valuation Analysts, Professional Standards, 2007, use the same definition: "Weighted Average Cost of Capital (WACC). The cost of capital (discount rate) is determined by the weighted average, at market values, of the cost of all financing sources in the business enterprise's capital structure."

[8] For example, when a municipal or government entity, such as the Commonwealth of Pennsylvania, finances construction of a road or bridge, they only consider the marginal debt cost despite having "equity" reflected on their books (balance sheet).

valuation date is used in accordance with accepted valuation practice and used for market valuation purposes.

As discussed previously, for an IOU, the appropriate discount rate is the net of tax overall cost of capital (weighted average cost of capital), 8.92% to 11.61% (Exhibit 23, pages 2-8). In this instance, the net of tax overall cost of capital (weighted average cost of capital) is based on the Comparable Group's market value capital structure of 31.9% debt and 68.1% equity, a market cost of debt of 6.02% and a range of market cost of equity of 11.07% to 15.02%.[9] The Comparable Group's net of tax overall cost of capital (weighted average cost of capital) is used as a proxy to conform to the "hypothetical buyer" or "hypothetical seller" of fair market valuation. Use of the buyer's net of tax overall cost of capital (weighted average cost of capital) would produce an investment valuation, not a fair market valuation. The supporting documentation for the development of the MUNI and IOU discount rates is shown on pages 2 to 8 of Exhibit 23.

Q. WHY IS THE NET OF TAX OVERALL COST OF CAPITAL APPROPRIATE TO USE?

A. The net of tax overall cost of capital is appropriate because the cash flows being discounted are after tax, or net of tax. The income approach uses estimates of future free cash flow and discounts them to arrive at a present value or price of the cash flows. Generally, this analysis begins with an estimate of the Debt Free Net Cash Flow over the next five to twenty years along with a terminal value. In each year, the Debt Free Net Cash Flow is

[9] For an example of the net of tax overall cost of capital, see http://www.investinganswers.com/financial-dictionary/financial-statement-analysis/weighted-average-cost-capital-wacc-2905. Also see http://www.wallstreetmojo.com/weighted-average-cost-capital-wacc/, or http://accountingexplained.com/misc/corporate-finance/wacc.

comprised of projected EBIT, minus income taxes, plus projected depreciation and amortization, plus or minus projected changes in net cash working capital, less projected capital expenditures.

Q. WHAT IS THE BASIS FOR THE GROWTH RATE USED TO CALCULATE THE CAPITALIZATION RATE USED IN THE INCOME APPROACH?

A. The growth rate used to calculate the capitalization rate reflects the growth in the Debt Free Net Cash Flow after the terminal value year. For ICVWA, a growth rate of 0.1% was used based on the service area's population growth projection. Under both MUNI and IOU ownership a growth rate of 0.1% was used based on the projected growth in population (0.2%), projected inflation (2.5%) and the actual growth in the Debt Free Net Cash Flow in the years prior to the terminal value year. Under MUNI ownership the average growth in the Debt Free Net Cash Flow for the last two years prior to the terminal value year was 0.2% and 0.1% under IOU ownership. A minimum growth of 0.1% was deemed reasonable based on the aforesaid.

Q. WHAT UTILITY EARNINGS REPORT WAS USED TO CREATE THE CAPITAL STRUCTURE USED IN YOUR APPRAISAL?

A. As documented previously in footnotes 7 and 9, book value capitalization is not used in fair market valuation determination. Therefore, we did not use the 7.11% Comparable Group's DSIC (distribution system improvement charge) related net of tax overall cost of capital in our valuation because a "hypothetical buyer" cannot finance an acquisition at such a rate and therefore, its use would provide a meaningless result. The Comparable

Group's 7.11% DSIC related cost was determined based on the Comparable Group's book value capital structure of 48.8% debt and 51.2% equity, a cost of debt of 6.02% and a DSIC cost of equity of 9.75% based on the December 2024 Earnings Report (public meeting May 8, 2025). However, we note the 7.11% Comparable Group's DSIC related net of tax overall cost of capital falls below the 8.92% to 11.61% range of discount rates used in our Income Approach.

If we used the 7.11% Comparable Group's DSIC related net of tax overall cost of capital in our valuation shown on Exhibit 16, the results of the Capitalization DCF would show a value for the Water System of $53.7 million. Further, the results of the Market Multiple DCF would show a value of $68.1 million and collectively, the DCF method based on the IOU ownership scenario and a 0.1% growth assumption indicates a value of $61.0 million for the Water System. The DCF method based on the MUNI ownership scenario indicates a value of $38.8 million and the DCF method based on the IOU ownership scenario using DSIC indicates a value of $61.0 million. Collectively, the DCF method indicates a value of $49.9 million when DSIC is considered.

Q. IF YOU USED A TERMINAL VALUE IN YOUR DCF ANALYSIS, WHAT IS THE NUMBER OF YEARS OVER WHICH THE CASH FLOWS ARE CONSIDERED?

A. The use of a "terminal value" in a DCF analysis is reasonable and is in accordance with accepted valuation practice. Simply put, the "terminal value" is a mathematical shortcut to avoid having to show and/or calculate annual Debt Free Net Cash Flows for hundreds of time periods, or hundreds of years. Within the DCF analysis, the "terminal value" is simply a point in time in which the growth in annual Debt Free Net Cash Flows changes

from multiple growth rates to a constant growth rate. For example, in our DCF analysis, the growth rate of annual Debt Free Net Cash Flows during time periods 1 through 20 changes multiple times due to the various general assumptions listed in the Appraisal Report. After time period 20, the growth in annual Debt Free Net Cash Flows is a constant growth rate. Accordingly, period 20, or year 20, is the "terminal value" year in our DCF method.

Market Approach

Q. REGARDING YOUR APPLICATION OF THE MARKET APPROACH, WHAT METHODS DID YOU USE TO DETERMINE THE MARKET APPROACH RESULT?

A. I used the market multiples method and the selected transaction method.

Q. WHAT ASSUMPTIONS, ANALYSES, AND/OR ADJUSTMENTS DID YOU MAKE UNDER EACH METHOD?

A. The general assumptions used for the market multiples method are listed on page 1 of Exhibit 18. No assumptions were made under the selected transaction method.

Q. REGARDING YOUR APPLICATION OF THE MARKET MULTIPLES METHOD, DID YOU LIMIT YOUR PROXY GROUP USED FOR CALCULATING MARKET VALUE TO ONLY COMPANIES WHICH ENGAGE IN PENNSYLVANIA FAIR MARKET VALUE ACQUISITIONS?

A. No.

Q. REGARDING YOUR APPLICATION OF THE COMPARABLE SALES USED TO ESTABLISH THE VALUATION, DID YOU LIMIT THE TRANSACTIONS SELECTED TO THOSE THAT YOU PREVIOUSLY APPRAISED?

A. No.

Q. PLEASE STATE THE COMPARABLE TRANSACTIONS YOU USED IN DEVELOPING YOUR MARKET APPROACH.

A. Please see PAWC's Application **Appendix A-5.2** (the Gannett Fleming appraisal), Exhibit 19, pages 2 and 3, of the Appraisal Report, which shows that we reviewed the following transactions[10] in developing the selected transactions method:

- Sale of the City of McKeesport Wastewater system to Pennsylvania-American Water Company ("PAWC") in 2017.
- Sale of New Garden Township Sewer Authority to Aqua Pennsylvania Wastewater, Inc. ("APW") in 2017.
- Sale of Limerick Township Wastewater system to APW in 2017.
- Sale of East Bradford Township Wastewater system to APW in 2018.
- Sale of Mahoning Township Water system to Suez Water Pennsylvania ("Veolia") in 2018.
- Sale of Mahoning Township Wastewater system to Veolia in 2018.
- Sale of Sadsbury Township Wastewater system to PAWC in 2018.
- Sale of Exeter Township Wastewater system to PAWC in 2019.
- Sale of Steelton Borough Authority Water system to PAWC in 2019.
- Sale of Cheltenham Township Wastewater system to APW in 2019.
- Sale of East Norriton Township Wastewater system to APW in 2019.

[10] The years listed indicate when the applicant sought approval or when the Commission approved each of the transactions.

- Sale of Kane Borough Authority Wastewater system to PAWC in 2020.
- Sale of Royersford Borough Authority Wastewater system to PAWC in 2021.
- Sale of Valley Township Wastewater system to PAWC in 2021.
- Sale of Valley Township Water system to PAWC in 2021.
- Sale of Upper Pottsgrove Township Wastewater system to PAWC in 2020.
- Sale of York City Sewer Authority Wastewater system to PAWC in 2021.
- Sale of Lower Makefield Township Wastewater system to APW in 2021.
- Sale of Willistown Township Wastewater system to APW in 2021.
- Sale of East Whiteland Township Wastewater system to APW in 2021.
- Sale of Municipal Authority of the Borough of Shenandoah Water system to Aqua Pennsylvania, Inc. ("AP") in 2022.
- Sale of Butler Area Sewer Authority Wastewater system to PAWC in 2022.
- Sale of Greenville Sanitary Authority Wastewater system to APW in 2024.
- Sale of City of Beaver Falls Wastewater system to APW in 2025.
- Sale of Elizabeth Borough Municipal Authority Wastewater system to PAWC in 2025.

As a check on the transactions I studied, that are listed above, I also reviewed the purchase of Connecticut Water Service, Inc. by SJW Group (Exhibit 20 page 2), which was approved in 2019; the purchase of New England Service Company, Inc. ("NESC") by Aquarion Company, parent of Aquarion Water Company (Exhibit 20 page 3), approved in 2021; and the purchase of The Torrington Water Company, Inc. by Aquarion Company, parent of Aquarion Water Company (Exhibit 20 page 4), approved in 2022.[11]

[11] NESC was the sole stockholder of four regulated water companies operating in three separate states.

Q. WHAT WERE THE RESULTS OF THE MARKET APPROACH ANALYSIS YOU PERFORMED?

A. The results of the market multiples method are shown on Exhibit 18, and the results of the selected transactions method are shown on Exhibit 19. The conclusion regarding the Market Approach analysis is explained on pages 50 and 51 of our appraisal.

CONCLUSION

Q. WHAT IS YOUR CONCLUSION REGARDING THE FAIR MARKET VALUE OF THE WATER SYSTEM'S ASSETS TO BE PURCHASED BY PAWC?

A. Fair market value is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts." [12]

Based on our analysis, as described in our Appraisal Report, we are of the opinion that the fair market value of ICVWA's Water System assets is $40.8 million ($40,785,895 rounded), as of May 30, 2025. The results of the analyses and calculations are summarized in Table 1 for the Water System as follows:

[12] National Association of Certified Valuators and Analysts, s.v. "Fair Market Value," *The International Glossary of Business Valuation Terms*

Valuation Approach	Indicated Value
Cost Approach	$53,547,750
Income Approach	38,576,359
Market Approach	30,233,575

Table 1

We considered the results of each approach as an indicator of value individually, or as independent indicators of value. Therefore, all three approaches to valuation were given consideration, and pursuant to the 2024 FSIO, all three approaches were weighted equally in our analysis in arriving at our opinion of the fair market value. Based on these facts, our opinion regarding the fair market value is $40.8 million. Our conclusion regarding the fair market value can be described by the weights and the specific results of the three approaches to valuation that are shown on Exhibit 22. The results of our analyses, shown on Exhibit 22, show a range of value of $30.2 million to $53.5 million and collectively support our opinion of a fair market value for the Water System of $40,785,895, as of May 30, 2025.

Q. GENERALLY SPEAKING, IS IT COMMON FOR DIFFERENT APPRAISERS TO REACH VARYING OPINIONS OF FAIR MARKET VALUE?

A. Yes. I do not think the underlying results of the models employed for valuation purposes are ever the same from one appraiser to another appraiser. Further, the conclusion of value from one appraiser to another appraiser usually differs as well. I believe these are some of

the reasons the results of the conclusion of value from two different UVEs are averaged under Section 1329, 66 Pa. C.S. § 1329.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my Direct Testimony as additional issues or facts arise during the course of this proceeding.

APPENDIX HW-1

Professional Qualifications
of
Harold Walker, III
Manager, Financial Studies
Gannett Fleming Valuation and Rate Consultants, LLC.

EDUCATION

Mr. Walker graduated from Pennsylvania State University in 1984 with a Bachelor of Science Degree in Finance. His studies concentrated on securities analysis and portfolio management with an emphasis on economics and quantitative business analysis. He has also completed the regulation and the rate-making process courses presented by the College of Business Administration and Economics Center for Public Utilities at New Mexico State University. Additionally, he has attended programs presented by The Institute of Chartered Financial Analysts (CFA).

Mr. Walker was awarded the professional designation "Certified Rate of Return Analyst" (CRRA) by the Society of Utility and Regulatory Financial Analysts. This designation is based upon education, experience, and the successful completion of a comprehensive examination. He is also a member of the Society of Utility and Regulatory Financial Analysts (SURFA) and has attended numerous financial forums sponsored by the Society. The SURFA forums are recognized by the Association for Investment Management and Research (AIMR) and the National Association of State Boards of Accountancy for continuing education credits.

Mr. Walker obtained a license as a Municipal Advisor Representative (Series 50) by Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA).

BUSINESS EXPERIENCE

Prior to joining Gannett Fleming Valuation and Rate Consultants, LLC., Mr. Walker was employed by AUS Consultants - Utility Services. He held various positions during his eleven years with AUS, concluding his employment there as a Vice President. His duties included providing and supervising financial and economic studies on behalf of investor owned and municipally owned water, wastewater, electric, natural gas distribution and transmission, oil pipeline and telephone utilities as well as resource recovery companies.

In 1996, Mr. Walker joined Gannett Fleming Valuation and Rate Consultants, LLC. In his capacity as Manager, Financial Studies and for the past twenty years, he has continuously studied rates of return requirements for regulated firms. In this regard, he supervised the preparation of rate of return studies in connection with his testimony and in the past, for other individuals. He also assisted and/or developed dividend policy studies, nuclear prudence studies, calculated fixed charge rates for avoided costs involving cogeneration projects, financial decision studies for capital budgeting purposes and developed financial models for determining future capital requirements and the effect of those requirements on investors and ratepayers, valued utility property and common stock for acquisition and divestiture, and assisted in the private placement of fixed capital securities for public utilities.

Head, Gannett Fleming GASB 34 Task Force responsible for developing Governmental Accounting Standards Board (GASB) 34 services and educating Gannett Fleming personnel and Gannett Fleming clients on GASB 34 and how it may affect them. The GASB 34 related services include inventory of assets, valuation of assets, salvage estimation, annual depreciation rate determination, estimation of depreciation reserve, asset service life determination, asset condition assessment, condition assessment documentation, maintenance estimate for asset preservation, establishment of condition level index, geographic information system (GIS) and data management services, management discussion and analysis (MD&A) reporting, required supplemental information (RSI) reporting, auditor interface, and GASB 34 compliance review.

In 2004, Mr. Walker was elected to serve on the Board of Directors of SURFA. Previously, he served as an ex-officio directors as an advisor to SURFA's existing President. In 2000, Mr. Walker was elected President of SURFA for the 2001-2002 term. Prior to that, he was elected to serve on the Board of Directors of SURFA during the period 1997-1998 and 1999-2000. He also previously served on the Pennsylvania Municipal Authorities Association, Electric Deregulation Committee.

EXPERT TESTIMONY

Mr. Walker has submitted testimony or been deposed on various topics before regulatory commissions and courts in 29 states including: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, Nevada, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, and West Virginia. His testimonies covered various subjects including: fair market value, the taking of natural resources, appropriate capital structure and fixed capital cost rates, depreciation, fair rate of return, purchased water adjustments, synchronization of interest charges for income tax purposes, valuation, cash working capital, lead-lag studies, financial analyses of investment alternatives, benchmarking, and fair value. The following tabulation provides a listing of the electric power, natural gas distribution, telephone, wastewater, and water service utility cases in which he has been involved as a witness.

Client	Docket No.	
Alpena Power Company	U-10020	
Armstrong Telephone Company - Northern Division	92-0884-T-42T	
Armstrong Telephone Company - Northern Division	95-0571-T-42T	
Artesian Water Company, Inc.	90 10	
Artesian Water Company, Inc.	06 158	
Aqua Illinois Consolidated Water Divisions and Consolidated Sewer Divisions	11-0436	
Aqua Illinois Hawthorn Woods Wastewater Division	07 0620/07 0621/08 0067	
Aqua Illinois Hawthorn Woods Water Division	07 0620/07 0621/08 0067	
Aqua Illinois Kankakee Water Division	10-0194	
Aqua Illinois Kankakee Water Division	14-0419	
Aqua Illinois Vermilion Division	07 0620/07 0621/08 0067	
Aqua Illinois Willowbrook Wastewater Division	07 0620/07 0621/08 0067	
Aqua Illinois Willowbrook Water Division	07 0620/07 0621/08 0067	
Aqua Illinois, Inc.	24-0044	
Aqua Pennsylvania, Inc	A-2022-3034143	*
Aqua Pennsylvania, Inc	R-2024-3047822	
Aqua Pennsylvania, Inc	R-2024-3047824	
Aqua Pennsylvania, Inc	A-2024-3049015	*
Aqua Pennsylvania Wastewater Inc	A-2016-2580061	*
Aqua Pennsylvania Wastewater Inc	A-2017-2605434	*
Aqua Pennsylvania Wastewater Inc	A-2018-3001582	*
Aqua Pennsylvania Wastewater Inc	A-2019-3008491	*
Aqua Pennsylvania Wastewater Inc	A-2019-3009052	*
Aqua Pennsylvania Wastewater Inc	A-2019-3015173	*
Aqua Pennsylvania Wastewater Inc	A-2021-3024267	*
Aqua Pennsylvania Wastewater Inc	A-2021-3026132	*
Aqua Pennsylvania Wastewater Inc	A-2021-3027268	*
Aqua Pennsylvania Wastewater Inc	A-2023-3041695	*
Aqua Virginia - Alpha Water Corporation	Pue-2009-00059	
Aqua Virginia - Blue Ridge Utility Company, Inc.	Pue-2009-00059	

Aqua Virginia - Caroline Utilities, Inc. (Wastewater)	Pue-2009-00059	
Aqua Virginia - Caroline Utilities, Inc. (Water)	Pue-2009-00059	
Aqua Virginia - Earlysville Forest Water Company	Pue-2009-00059	
Aqua Virginia - Heritage Homes of Virginia	Pue-2009-00059	
Aqua Virginia - Indian River Water Company	Pue-2009-00059	
Aqua Virginia - James River Service Corp.	Pue-2009-00059	
Aqua Virginia - Lake Holiday Utilities, Inc. (Wastewater)	Pue-2009-00059	
Aqua Virginia - Lake Holiday Utilities, Inc. (Water)	Pue-2009-00059	
Aqua Virginia - Lake Monticello Services Co. (Wastewater)	Pue-2009-00059	
Aqua Virginia - Lake Monticello Services Co. (Water)	Pue-2009-00059	
Aqua Virginia - Lake Shawnee	Pue-2009-00059	
Aqua Virginia - Land'or Utility Company (Wastewater)	Pue-2009-00059	
Aqua Virginia - Land'or Utility Company (Water)	Pue-2009-00059	
Aqua Virginia - Mountainview Water Company, Inc.	Pue-2009-00059	
Aqua Virginia - Powhatan Water Works, Inc.	Pue-2009-00059	
Aqua Virginia - Rainbow Forest Water Corporation	Pue-2009-00059	
Aqua Virginia - Shawnee Land	Pue-2009-00059	
Aqua Virginia - Sydnor Water Corporation	Pue-2009-00059	
Aqua Virginia - Water Distributors, Inc.	Pue-2009-00059	
Atlantic City Sewerage Company	WR21071006	
Berkshire Gas Company	18-40	
Berkshire Gas Company	22-20	
Bermuda Water Company, Inc	W-01812A-22-0256	
Borough of Brentwood	A-2021-3024058	*
Borough of Hanover	R-2009-2106908	
Borough of Hanover	R-2012-2311725	
Borough of Hanover	R-2014-242830	
Borough of Hanover	R-2021-3026116	
Borough of Hanover	P-2021-3026854	
Borough of Royersford	A-2020-3019634	*
Butler Area Sewer Authority	A-2020-3019634	*
Chaparral City Water Company	W 02113a 04 0616	
California-American Water Company	CIVCV156413	*
Citizens Utilities Company		

Colorado Gas Division	-	
Citizens Utilities Company		
Vermont Electric Division	5426	
Citizens Utilities Home Water Company	R 901664	
Citizens Utilities Water Company		
of Pennsylvania	R 901663	
City of Beaver Falls	A-2022-3033138	*
City of Bethlehem - Bureau of Water	R-00984375	
City of Bethlehem - Bureau of Water	R 00072492	
City of Bethlehem - Bureau of Water	R-2013-2390244	
City of Bethlehem - Bureau of Water	R-2020-3020256	
City of Dubois – Bureau of Water	R-2013-2350509	
City of Dubois – Bureau of Water	R-2016-2554150	
City of Lancaster Sewer Fund	R-00005109	
City of Lancaster Sewer Fund	R-00049862	
City of Lancaster Sewer Fund	R-2012-2310366	
City of Lancaster Sewer Fund	R-2019-3010955	
City of Lancaster Water Fund	R-00984567	
City of Lancaster Water Fund	R-00016114	
City of Lancaster Water Fund	R 00051167	
City of Lancaster Water Fund	R-2010-2179103	
City of Lancaster Water Fund	R-2014-2418872	
City of Lancaster Water Fund	R-2021-3026682	
City of Lancaster Water Fund	P-2022-3035591	
Coastland Corporation	15-cvs-216	
Commonwealth Edison Company	23-0728	
Commonwealth Edison Company	24-0087	
Commonwealth Edison Company	24-0079	
Commonwealth Edison Company	24-0795	
Community Utilities of Pennsylvania-Water	R-2023-3042804	
Community Utilities of Pennsylvania-Wastewater	R-2023-3042805	
Connecticut-American Water Company	99-08-32	
Connecticut Water Company	06 07 08	
Consumers Pennsylvania Water Company		
Roaring Creek Division	R-00973869	
Consumers Pennsylvania Water Company		
Shenango Valley Division	R-00973972	

Country Knolls Water Works, Inc.	90 W 0458	
Elizabeth Borough Municipal Authority	A-2025-3052983	*
East Resources, Inc. - West Virginia Utility	06 0445 G 42T	
East Coventry Township	A-2025-3053487	*
Elizabethtown Water Company	WR06030257	
ENSTAR Natural Gas Company	U-22-081	
Falls Water Company, Inc.	FLS-W-23-01	
Forest Park, Inc.	19-W-0168 & 19-W-0269	
Hampton Water Works Company	DW 99-057	
Hidden Valley Utility Services, LP	R-2018-3001306	
Hidden Valley Utility Services, LP	R-2018-3001307	
Illinois American Water Company	16-0093	
Illinois American Water Company	22-0210	
Illinois American Water Company	24-0097	
Indian Rock Water Company	R-911971	
Indiana Natural Gas Corporation	38891	
Iowa American Water Company	RPU-2024-0002	
Jamaica Water Supply Company	-	
Kane Borough Authority	A-2019-3014248	*
Kentucky American Water Company, Inc.	2007 00134	
Kentucky American Water Company, Inc.	2023-00191	
Kentucky American Water Company, Inc.	2025-00122	
Middlesex Water Company	WR 89030266J	
Millcreek Township Water Authority	55 198 Y 00021 11	*
Missouri-American Water Company	WR 2000-281	
Missouri-American Water Company	SR 2000-282	
Missouri-American Water Company	WR-2022-0303	
Missouri-American Water Company	SR-2022-0304	
Missouri-American Water Company	WR-2024-0320	
Missouri-American Water Company	SR-2024-0321	
Mount Holly Water Company	WR06030257	
Nevada Power Company d/b/a NV Energy	20-06003	
Nevada Power Company d/b/a NV Energy	23-06007	
Nevada Power Company d/b/a NV Energy	25-02016	
New Jersey American Water Company	WR 89080702J	
New Jersey American Water Company	WR 90090950J	
New Jersey American Water Company	WR 03070511	

New Jersey American Water Company	WR-06030257	
New Jersey American Water Company	WR08010020	
New Jersey American Water Company	WR10040260	
New Jersey American Water Company	WR11070460	
New Jersey American Water Company	WR15010035	
New Jersey American Water Company	WR17090985	
New Jersey American Water Company	WR19121516	
New Jersey American Water Company	WR22010019	
New Jersey American Water Company	WR24010056	
New Jersey Natural Gas Company	GR19030420	
New Jersey Natural Gas Company	GR21030679	
New Jersey Natural Gas Company	GR24010071	
Newtown Artesian Water Company	R-911977	
Newtown Artesian Water Company	R-00943157	
Newtown Artesian Water Company	R-2009-2117550	
Newtown Artesian Water Company	R-2011-2230259	
Newtown Artesian Water Company	R-2017-2624240	
Newtown Artesian Water Company	R-2019-3006904	
Newtown Artesian Water Company	R-2024-3050208	
North Maine Utilities	14-0396	*
Northern Indiana Fuel & Light Company	38770	
Oklahoma Natural Gas Company	PUD-940000477	
Palmetto Utilities, Inc.	2020-281-S	
Palmetto Wastewater Reclamation, LLC	2018-82-S	
Pennichuck Water Works, Inc.	DW 04 048	*
Pennichuck Water Works, Inc.	DW 06 073	
Pennichuck Water Works, Inc.	DW 08 073	
Pennsylvania-American Water Company	A-2023-3039900	*
Pennsylvania Gas & Water Company (Gas)	R-891261	
Pennsylvania Gas & Water Co. (Water)	R 901726	
Pennsylvania Gas & Water Co. (Water)	R-911966	
Pennsylvania Gas & Water Co. (Water)	R-22404	
Pennsylvania Gas & Water Co. (Water)	R-00922482	
Pennsylvania Gas & Water Co. (Water)	R-00932667	
Philadelphia Gas Works	R-2020-3017206	
Philadelphia Gas Works	R-2023-3037933	
Philadelphia Gas Works	R-2025-3053112	

Public Service Company of North Carolina, Inc.	G-5, Sub 565	
Public Service Electric and Gas Company	ER181010029	
Public Service Electric and Gas Company	GR18010030	
Presque Isle Harbor Water Company	U-9702	
Sierra Pacific Power Company d/b/a NV Energy	19-06002	
Sierra Pacific Power Company d/b/a NV Energy	22-06014	
Sierra Pacific Power Company d/b/a NV Energy	24-02026	
Sierra Pacific Power Company d/b/a NV Energy	24-02027	
St. Louis County Water Company	WR-2000-844	
Suez Water Delaware, Inc.	19-0615	
Suez Water Idaho, Inc.	SUZ-W-20-02	
Suez Water New Jersey, Inc.	WR18050593	
Suez Water New Jersey, Inc.	WR20110729	
Suez Water Owego-Nichols, Inc.	17-W-0528	
Suez Water Pennsylvania, Inc.	R-2018-3000834	
Suez Water Pennsylvania, Inc.	A-2018-3003519	*
Suez Water Pennsylvania, Inc.	A-2018-3003517	*
Suez Water Rhode Island, Inc.	Docket No. 4800	
Suez Water Owego-Nichols, Inc.	19-W-0168 & 19-W-0269	
Suez Water New York, Inc.	19-W-0168 & 19-W-0269	
Suez Westchester, Inc.	19-W-0168 & 19-W-0269	
Tennessee American Water Company	24-00032	
Town of North East Water Fund	9190	
Township of Exeter	A-2018-3004933	*
United Water New Rochelle	W-95-W-1168	
United Water Toms River	WR-95050219	
Upper Pottsgrove Township	A-2020-3021460	*
Valley Township (water)	A-2020-3019859	*
Valley Township (wastewater)	A-2020-3020178	*
Valley Water Systems, Inc.	06 10 07	
Veolia Water Idaho, Inc.	VEO-W-22-02	
Veolia Water Idaho, Inc.	VEO-W-24-01	
Veolia Water Delaware, Inc.	23-0598	
Veolia Water New Jersey, Inc.	WR23110790	
Veolia Water New York, Inc.	23-W-0111	
Veolia Water Pennsylvania, Inc.	R-2024-3045192	
Veolia Water Pennsylvania, Inc.	R-2024-3045193	

Virginia American Water Company	PUR-2018-00175
Virginia American Water Company	PUR-2021-00255
Virginia American Water Company	PUR-2023-00194
West Virginia-American Water Company	15-0676-W-42T
West Virginia-American Water Company	15-0675-S-42T
Wilmington Suburban Water Corporation	94-149
York Water Company	R-901813
York Water Company	R-922168
York Water Company	R-943053
York Water Company	R-963619
York Water Company	R-994605
York Water Company	R-00016236
Young Brothers, LLC	2019-0117

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County	:	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, Harold Walker, III, hereby state that the facts set forth in ICVWA Statement No. 2 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: October 29, 2025

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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	Docket No. A-2025-3055741, et al.

REBUTTAL TESTIMONY
OF
HAROLD WALKER, III

FAIR MARKET VALUE APPRAISAL

INDIAN CREEK VALLEY WATER AUTHORITY
WATER SYSTEM ASSETS

Prepared by:

Gannett Fleming Valuation and Rate Consultants, LLC

June 10, 2026

ICVWA Statement No. 2-R

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Harold Walker, III my business address is 1010 Adams Avenue, Audubon, Pennsylvania.

Q. ARE YOU THE SAME HAROLD WALKER WHO PREVIOUSLY SUBMITTED TESTIMONY IN THIS PROCEEDING?

A. Yes.

II. SCOPE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") was engaged by Indian Creek Valley Water Authority ("ICVWA") to perform a fair market value appraisal ("FMV") of ICVWA's water system assets ("Water System"). The purpose of my Rebuttal Testimony is to respond to and comment on the Direct Testimony submitted by the Office of Consumer Advocate's ("OCA") witness David J. Garrett, OCA Statement No. 1.

III. RESPONSE TO OCA WITNESS GARRETT

Q. WOULD YOU PLEASE SUMMARIZE MR. GARRETT'S ADJUSTMENTS OF THE GANNETT FLEMING FMV APPRAISAL?

A. In his Direct Testimony, Mr. Garrett proposed a new Market Approach to valuation and did not rely upon the market multiples method or the selected transaction method. Mr. Garrett also proposed a new Cost Approach to valuation and a new Income Approach to valuation. All of Mr. Garrett's proposed modifications are downward, or negative,

adjustments to Gannett Fleming's FMV appraisal report. I will address each of Mr. Garrett's recommended adjustments below.

Q. DO MR. GARRETT'S RECOMMENDATIONS MEET A STANDARD OF VALUE OF FMV?

A. No. Mr. Garrett's recommendations do not meet a standard of value of FMV and are in direct violation of Section 1329 of the Public Utility Code ("Code"), 66 Pa. C.S. § 1329.

Q. DID MR. GARRETT PERFORM AN APPRAISAL OF ICVWA'S WATER SYSTEM ASSETS?

A. No.

Q. DID YOU INSPECT OR REVIEW ICVWA'S WATER SYSTEM?

A. Yes, water engineers from our parent company viewed or observed the Water System's facilities on September 24, 2025. We also relied on the Engineering Assessment[1], the Water System's water quality reports, the Water System's Primary Facility Reports, and the Asset Purchase Agreement ("APA") [2], to confirm the condition of the Water System's property and equipment.

IV. MARKET APPROACH

Q. ON PAGES 6 TO 9 OF MR. GARRETT'S DIRECT TESTIMONY, HE EXPLAINS HIS ADJUSTMENTS TO THE MARKET APPROACH. PLEASE DESCRIBE GANNETT FLEMING'S MARKET APPROACH.

[1] "Indian Creek Valley Water Authority, Fayette and Westmoreland Counties, Pennsylvania, Water Facilities Engineering Assessment and Original Cost," dated September 2025, prepared by Bankson Engineers, Inc. *See* Application, Appendix A-15-a.

[2] *See* Application, Appendix A-24-A for the Asset Purchase Agreement.

A. Gannet Fleming's Market Approach is explained on pages 41 to 49 of the FMV appraisal.[3] The Market Approach is defined as, "a general way of determining a value indication of a business, business ownership interest, security or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities or intangible assets that have been sold."[4] There are two methods of doing the Market Approach to valuation: the market multiples method and the selected transaction method. Gannett Fleming determined the value of the Water System using both the market multiples method and the selected transaction method. Accordingly, Gannett Fleming's Market Approach to valuation is based on both the market multiples method and the selected transaction method.

Q. DID MR. GARRETT FOLLOW A SIMILAR PROCEDURE WHEN HE MADE ADJUSTMENTS TO GANNETT FLEMING'S MARKET APPROACH?

A. No. Mr. Garrett's adjustment to the Gannett Fleming Market Approach to valuation is only based on a single method, which Mr. Garrett refers to as the "EV/NP ratio" method. Mr. Garrett provided no specific adjustments to either Gannett Fleming's market multiples method or selected transaction method. Rather Mr. Garrett substituted a Market Approach based on his own unique method (i.e., EV/NP ratio) that was not used by Gannett Fleming.

Q. PLEASE EXPLAIN HOW MR. GARRETT DETERMINED HIS MARKET APPROACH.

A. Mr. Garrett's Market Approach is based on a single metric, or ratio of Enterprise Value divided by Net Property, Plant, & Equipment which he defines as the "EV/NP ratio" as

[3] *See* Application, Appendix A-5.2, for Gannett Fleming's appraisal report dated October 6, 2025.
[4] American Society of Appraisers, *ASA Business Valuation Standards,* 2022, BVS-V Market Approach to Business Valuation, p. 12.

shown on Exhibit DJG-3. Mr. Garrett derived an EV/NP ratio of 1.2, shown on Exhibit DJG-3, which he multiple by what he claims is the "net plant of ICVWA System" of $22.9 million ($22,860,688 rounded) to produce a $28.1 million ($28,051,686 rounded) indication of value for the Water System.

Q. DO YOU HAVE ANY OTHER CONCERNS REGARDING MR. GARRETT'S MARKET APPROACH?

A. Yes. I mentioned previously, Mr. Garrett's Market Approach is based on a single metric, or "EV/NP ratio" as shown on Exhibit DJG-3. The denominator[5] in Mr. Garrett's calculated EV/NP ratio is Net Property, Plant, & Equipment. Under ratemaking, the Net Property, Plant, & Equipment is assumed to be financed with investor provided capital and "cost free capital." However, "cost free capital," such as contribution, deferred taxes, customer advances, etc., are subtracted from a regulated utility's Net Property, Plant, & Equipment when a utility's rate base value is calculated. Therefore, the regulatorily allowed earnings on Net Property, Plant, & Equipment is limited to only that portion assumed to be financed with investor provided capital.[6] As such, "cost free capital" has no earning power and should not be part of the value ascribed to Enterprise Value, which is the numerator in Mr. Garrett's calculated EV/NP ratio.

As a result, Mr. Garrett's calculated EV/NP ratio directly ascribes his proxy group's "cost free capital" to the Water System, which is contrary to Code Section 1329 (Valuation of Acquired Water and Wastewater Systems). Under Code Section 1329, the original

[5] In a ratio (fraction), the numerator is the top number of the ratio (fraction), while the denominator is the bottom number of the ratio (fraction). For example, in the "EV/NP ratio," the numerator is "EV" and the denominator is "NP."

[6] Under rate regulation "cost free" capital, such as customer contributions, is subtracted from plant assets in determining the dollar amount of property on which a utility may earn a "fair rate of return" and therefore, "cost free" capital has no economic value to investors.

source of funding for any part of the assets of a selling utility is not relevant to determining the value of a selling utility's assets.

The Gannett Fleming FMV appraisal verified the known components of Mr. Garrett's proxy group's "cost free" capital by reviewing their individual balance sheets (Exhibit 6, page 1, Table 6.2) at year-end 2024.[7] Our analysis shows 22% of Mr. Garrett's proxy group's Net Property, Plant, & Equipment was financed with "cost free capital" which Mr. Garrett directly ascribed to the Water System in his Market Approach.

I remedied Mr. Garrett's inclusion of "cost free" capital in his calculated EV/NP ratio by subtracting "cost free capital" from Net Property, Plant, & Equipment in determining the denominator in Mr. Garrett's calculated EV/NP ratio, as shown in Table 1.

Company	Original Enterprise Value	Original Net Plant	Original EV / NP Ratio	2024 Percentage of Known "Cost Free" Capital	Adjusted Net Plant	Corrected EV / NP Ratio
American States Water Co	$ 3,664	$ 2,296	1.6	20%	$ 1,846	2.0
American Water Works Co Inc	42,228	30,576	1.4	17%	25,297	1.7
California Water Service Gp	4,120	4,580	0.9	22%	3,579	1.2
Essential Utilities, Inc.	19,397	14,290	1.4	20%	11,426	1.7
Middlesex Water Co	1,338	1,162	1.2	22%	904	1.5
H2O America	3,846	3,923	1.0	29%	2,789	1.4
York Water Co	697	570	1.2	25%	430	1.6
Average	$ 10,756	$ 8,200	1.2	22%	6,610	1.6

Table 1

[7] *See* Exhibit 6, page 1, Table 6.2 of Application, Appendix A-5.2, for Gannett Fleming's appraisal report dated October 6, 2025.

Specifically, Mr. Garrett's original net plant, shown in Table 1, was multiplied by the complement[8] of the known percentage of "cost free capital" to produce the adjusted net plant, shown in Table 1. Accounting for (i.e., removing) the proxy group's "cost free capital" results in Mr. Garrett's originally derived 1.2 EV/NP ratio being adjusted to 1.6, as shown in Table 1. The adjusted EV/NP ratio of 1.6 is applicable to the Water System because the value of the Water System must not consider "cost free capital."

Q. WHAT IS THE RESULT OF USING THE CORRECT EV/NP RATIO IN MR. GARRETT'S MARKET APPROACH?

A. Using the adjusted EV/NP ratio of 1.6, developed in Table 1, and the Water System's average original cost new less depreciation ("OCNLD") value of $22.9 million[9], from Exhibit DJG-3, produces an indicated value of $35.9 million ($35,869,884 rounded), which is similar to the $32.8 million ($32,789,559 rounded) determined by Gannett Fleming using the selected transactions method. If Gannett Fleming's OCNLD value of $22.8 million were used, using the adjusted EV/NP ratio of 1.6 produces an indicated value of $35.8 million ($35,790,063 rounded).

Q. DOES MR. GARRETT PROVIDE A DEFINITION OF THE MARKET APPROACH?

A. No. However, in other Section 1329 FMV proceedings Mr. Garrett has provided a definition of the Market Approach.[10] Specifically, Mr. Garrett explained in his testimony in the Elizabeth Borough Municipal Authority proceeding that "the Market Approach

[8] The average of the known percentage of "cost free capital" shown in Table 1 is 22%. The complement of 22% is 78%, which is calculated as 100% - 22% = 78%.

[9] Mr. Garrett averaged the OCNLD amount ($22.8 million) determined by Gannett Fleming and the OCNLD amount ($22.9 million) determined by WADS Consultants in reaching his $22.9 million under his Cost Approach recommendation. *See* page 9 of OCA Statement No. 1.

[10] *For example, see* OCA Statement No. 2, June 3, 2025, p 6, in the *Application of Pennsylvania-American Water Company – Elizabeth Borough Municipal Authority*, Docket No. A-2022-3033138. (*Emphasis added.*)

involves comparing an asset with similar assets that have been sold or are for sale in the relevant marketplace by making adjustments to prices based on **marketplace conditions** and the **properties' characteristics of value**."

Q. DID MR. GARRETT REFLECT THE WATER SYSTEM'S "CHARACTERISTICS OF VALUE" IN REACHING HIS MARKET APPROACH RECOMMENDATION?

A. No. Mr. Garrett did not consider the "marketplace conditions" which existed at the time the APA was executed. Rather, his Market Approach reflects his proxy group's *current* enterprise value and *current* net plant value – nearly a year beyond the date the Asset Purchase Agreement was entered into, on May 30, 2025. Accordingly, Mr. Garrett did not reflect the Water System's "characteristics of value" nor the "marketplace conditions" in his Market Approach.

Q. PLEASE SUMMARIZE YOUR CONCERNS REGARDING MR. GARRETT'S MARKET APPROACH.

A. First, Mr. Garrett's Market Approach is only based on a single metric – his EV/NP ratio. Second, Mr. Garrett's calculated EV/NP ratio directly (and incorrectly) ascribes his proxy group's "cost free capital" to the Water System; it is therefore not based on the "properties' characteristics of value." Third, Mr. Garrett's Market Approach reflects current market value, which is about one year after the APA's execution; it is therefore not based on the "marketplace conditions" which existed when the APA was executed as required.

Accordingly, Mr. Garrett's Market Approach recommendation is unreasonable and should not be considered by the Commission, as it does not meet a standard of value of FMV, does not reflect the Water System's "characteristics of value" nor the "marketplace conditions" and is in direct violation of Code Section 1329.

V. MARKET MULTIPLES METHOD

Q. ON PAGE 7 OF MR. GARRETT'S DIRECT TESTIMONY HE STATES, "MR. WALKER INCORPORATES MANY INDICATED VALUATIONS THAT ARE BOTH SIGNIFICANTLY HIGHER AND LOWER THAN HIS ULTIMATE RESULT. IN THE MARKET MULTIPLES METHOD, HE HAS VALUATIONS RANGING FROM $4.3 MILLION TO $36.7 MILLION." IS MR. GARRETT'S ASSERTION TRUE?

A. Mr. Garrett's assertion is misleading. Mr. Garrett's reference to "$4.3 million" refers to the indicated value based on EBIT, or earnings before interest and taxes, shown on lines 7 and 14 of page 1 from Exhibit 18 of Gannett Fleming's FMV appraisal. As explained on page 44 of Gannett Fleming's FMV appraisal, indicated values based on EBIT are included in the valuation based on Income Statement Items. Gannett Fleming gave no weight to the values indicated from the Income Statement Items for the reasons explained on pages 44 and 45 of the Gannett Fleming FMV appraisal.[11] Using different weightings is consistent with the evidence found, and consistent with the application of the market multiple method,

> One or more indications of value may result from the use of the Guideline Public Company Method. The **appraiser must consider the relative importance or weight accorded to each of the indications of value** used in arriving at the opinion or conclusion of value.[12]

[11] *See* Application, Appendix A-5.2, Gannett Fleming's appraisal report dated October 6, 2025, p. 44-45, "For most municipal utilities, the indicated values based on Income Statement Items are far below the indicated values that are based on Capital Items and those based on Demographics Items. We attribute this to the fact that the dollars of Revenue, EBIT and EBITDA do not reflect any provision for taxes while the multiples for the Comparable Group do. Consequently, we do not believe the results of the multiples of Revenue, EBIT and EBITDA are meaningful and should not be used for municipal utilities."

[12] American Society of Appraisers, *ASA Business Valuation Standards,* 2022, SBVS-1 Guideline Public Company Method, p. 34. (*Emphasis added*). The guideline public company method is a different name for the market multiples method.

Consequently, Mr. Garrett's assertion on page 7 of his Direct Testimony is misleading, at best, and should be rejected by the Commission.

VI. SELECTED TRANSACTION METHOD

Q. ON PAGE 7 OF MR. GARRETT'S DIRECT TESTIMONY HE DISCUSSES THE SELECTED TRANSACTIONS METHOD. MR. GARRETT CLAIMS "THERE IS A WIDE RANGE OF INDICATED VALUATIONS FOR NON-CAPITAL ITEMS, SUCH AS CUSTOMERS AND POPULATION. THE RANGE OF INDICATED VALUES FOR NON-CAPITAL ITEMS IS $3.4 MILLION TO $35.2 MILLION." WERE THE INDICATIONS OF VALUE CITED BY MR. GARRETT USED IN GANNETT FLEMING'S SELECTED TRANSACTIONS METHOD?

A. No. The "indicated values for non-capital items" cited by Mr. Garrett "for non-capital items is $3.4 million to $35.2 million" are based on the East Bradford Township Wastewater System and Elizabeth Borough MA Wastewater System transactions, which were *not* relied upon by Gannett Fleming because the East Bradford Township Wastewater System is a collection/distribution selected transaction, and the Elizabeth Borough MA Wastewater System is an integrated system with wholesale transaction. Rather, as explained on page 48 of the Gannett Fleming FMV appraisal, Gannett Fleming solely relied upon the eight integrated selected transactions, excluding wholesale and collection/distribution selected transactions, to determine the value of the Water System.

VII. COST APPROACH

Q. HOW DID MR. GARRETT DETERMINE HIS COST APPROACH RECOMMENDATION?

A. Mr. Garrett averaged the OCNLD amount ($22.8 million) determined by Gannett Fleming and the OCNLD amount ($22.9 million) determined by WADS Consultants[13] in reaching his $22.9 million Cost Approach recommendation.[14] I note that Mr. Garrett's current recommended use of the OCNLD, or original cost method, as the sole basis for his Cost Approach is not consistent with his recommended use of replacement cost method / reproduction cost method in other Section 1329 proceedings in which he testified.[15]

Further, neither Gannett Fleming nor WADS Consultants incorporated their OCNLD into their Cost Approach conclusions. Mr. Garrett provided no critiques nor adjustments to either UVE's Cost Approach procedures or conclusions. Rather, Mr. Garrett – without foundation or explanation – simply substituted a Cost Approach based on the average of Gannett Fleming's and WADS Consultants's OCNLD for his adjusted cost approach valuation of $22.9 million.

Q. IS MR. GARRETT'S METHOD OF DETERMINING HIS COST APPROACH RECOMMENDATION BASED ON A RECOGNIZED APPROACH FOR AN APPRAISAL?

A. No. Further, Mr. Garrett's approach is not consistent with his cited definition of the Cost Approach from page 9 of his Direct Testimony, which states, "[t]he Cost Approach is a procedure to **estimate the current costs** to **reproduce or create** a property with another of comparable use and marketability."[16] The Water System cannot be constructed today

[13] Pennsylvania American Water Company's Utility Valuation Expert ("UVE") Jerome C. Weinert of Weinert Appraisal and Depreciation Services ("WADS Consultants").
[14] *See* page 9 of OCA Statement No. 1.
[15] For example, Mr. Garrett has provided testimony in the 1329 proceedings involving the purchase of wastewater assets in which he recommended the replacement cost method or reproduction cost method for: East Norriton Township (Docket No. A-2019-3009052) in OCA Statement 1 at page 21; Borough of Royersford (Docket No. A-2020-3019634) in OCA Statement 1 at page 20; East Whiteland Township (A-2021-3026132) in OCA Statement 1 at page 14; and Willistown Township (A-2021-3027268) in OCA Statement 1 at page 15.
[16] *See* page 9 of OCA Statement No. 1. (*Emphasis added*).

for the same prices that existed at the original date of its construction.[17] Additionally, the Water System could not be sold today for the price that existed at the original date of its construction. The Cost Approach is based on the premise that an informed purchaser will not pay more for a property, and a seller will not accept less than the cost of constructing an equally desirable substitute property, minus applicable depreciation, and assuming no undue delay.

Q. IS MR. GARRETT'S RECOMMENDED USE OF THE ORIGINAL COST PLANT VALUE AS THE BASIS FOR HIS COST APPROACH A REASONABLE APPROACH?

A. No. The circularity of this recommendation defeats or eliminates the need to appraise plant assets since the indicated value of net cost of the plant assets is simply the net original cost of the plant assets under Mr. Garrett's recommendation. If this was the appropriate or correct method to value assets, then an original cost less depreciation analysis would be the only method needed to value assets. However, the value of the investment in plant and equipment for the ICVWA's Water System assets is being determined in these proceedings based upon a standard of value of FMV, not a standard of value of original cost.[18]

The Commission has previously rejected the use of original cost – indeed, as proposed by Mr. Garrett – as the basis of FMV in prior decisions:

> Limerick:
> We note that the original cost study, which is reviewed to determine the reasonableness of a utility's acquisition adjustment claim in a future base

[17] For example, the cost to "reproduce or create" the Water System's mains (account 331.00) at the valuation date were 236% **greater than** existed at their original date of construction, Further, the cost to "reproduce or create" the entire Water System at the valuation date was about 203% **more than** existed at its original date of construction.
[18] Pratt, Shannon P. "Defining Standards of Value." Valuation 34, no. 2, June 1989. http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf .

rate proceeding, consistent with Section 1327(a) of the Code, 66 Pa. C.S. § 1327(a), and the Commission's policy statement at 52 Pa. Code § 69.721, regarding acquisitions of viable water and wastewater systems, is not applicable in a Section 1329 proceeding.[19]

Lower Makefield:

Historically, regulated utilities under the Commission's jurisdiction have predominantly followed a standard and practice of using depreciated original cost value (with various adjustments) as the rate base in which they may recover their capital investment and earn a rate of return on the unrecouped asset value or rate base. However, Section 1329 establishes fair market value, not original cost, as the ratemaking rate base for municipal transactions. Under Section 1329, it is fair value, ratemaking rate base that, ultimately, will be used for ratemaking purposes, rather than being constrained by depreciated original cost value. As indicated by Aqua, "[t]he OCA's proposed adjustments to the Income Approach are also contrary to the language in McCloskey where the Commonwealth Court clearly stated that 'Section 1329 allows a private utility to acquire a government utility's assets at its fair market value rather than at the original cost of assets minus the accumulated depreciation and then add that amount to rate base.'" Aqua R.B. at 6 (citing McCloskey, 195 A.3d at 1055).[20]

Willistown:

In our view, Mr. Garrett's proposed use of the original cost method as the basis for his Cost Approach recommendation is not consistent with his definition of the Cost Approach, which he defined as "[a] procedure to estimate the current costs to reproduce or create a property with another of comparable use and marketability" based on a citation from The American Society of Appraisers.[21]

We find persuasive Aqua's argument that the use of the depreciated original cost of plant understates the current costs to reproduce or create a property with another of comparable use by approximately 289% by ignoring the price level changes of constructing utility plant which have occurred over the past 40 to 50 years.[22]

Historically, regulated utilities under the Commission's jurisdiction have predominantly followed a standard and practice of using depreciated original cost value (with various adjustments) as the rate base in which they may recover their capital investment and earn a rate of return on the

[19] *Application of Aqua Pennsylvania Wastewater, Inc. – Limerick Township*, Docket No. A-2017-2605434, Opinion and Order entered November 8, 2017, p 30.
[20] *Application of Aqua Pennsylvania Wastewater, Inc. – Lower Makefield Township*, Docket No. A-2021-3024267, Opinion and Order entered January 13, 2022, p 69.
[21] *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, Docket No. A-2021-3027268, Opinion and Order entered July 8, 2022, p. 84.
[22] *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, p. 85.

> unrecouped asset value or rate base. However, Section 1329 establishes fair market value, not original cost, as the ratemaking rate base for municipal transactions. Under Section 1329, it is fair value, ratemaking rate base that, ultimately, will be used for ratemaking purposes, rather than being constrained by depreciated original cost value. We are of the opinion that Aqua's valuation expert, Mr. Walker, is well aware that the original cost under Section 1329 does not reflect an offset for contributed plant or capital as is done in traditional ratemaking, and that this variance may produce a slightly higher depreciated original cost for Section 1329 purposes. See 66 Pa. C.S. § 1329(d)(5). Regardless of this variance, as the OCA agrees, Commission precedent dictates that depreciated original cost should not be substituted for FMV in Section 1329 proceedings.[23]
>
> Also, we reject the determination that the OCA's approach is a more accurate reflection of the FMV of the Willistown assets than Gannett Fleming's estimate using the replacement cost method. Therefore, we shall grant Aqua's Exception No. 3, and reverse the ALJ's Recommended Decision, in part, consistent with the discussion in this Opinion and Order.[24]

Q. ON PAGE 10 OF MR. GARRETT'S DIRECT TESTIMONY, HE TRIES TO JUSTIFY HIS COST APPROACH RECOMMENDATION AND STATES, "IN OTHER WORDS, IF THE COMMISSION WERE TASKED WITH DETERMINING THE RATEMAKING RATE BASE FOR THE ACQUIRED SYSTEM WITHOUT UTILIZING ANY INDEPENDENT APPRAISAL AND THE THREE VALUATION APPROACHES, ARGUABLY THE MOST REASONABLE AND ACCURATE METRIC TO CONSIDER WOULD BE THE OCNLD AMOUNT. IN THIS CASE, THE AVERAGE AMOUNT OF THE UVES' OCNLD ESTIMATES IS $22.86 MILLION." DO YOU HAVE ANY COMMENTS REGARDING THIS TESTIMONY?

A. Yes. Contrary to Mr. Garrett's viewpoint, under Code Section 1329, the Commission is tasked with determining the ratemaking rate base for an acquired water system by utilizing

[23] *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, p. 85.
[24] *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, p. 86-87.

independent FMV appraisals in compliance with the Uniform Standards of Professional Appraisal Practice, employing the Cost, Market, and Income approaches to valuation. The "OCN less depreciation amount" is not a recognized method of determining the Cost Approach under the Uniform Standards of Professional Appraisal Practice, in the *ASA Business Valuation Standards* of the American Society of Appraisers, or in *The International Glossary of Business Valuation Terms* of the National Association of Certified Valuators and Analysts.

VIII. INCOME APPROACH

Q. ON PAGES 11 TO 31 OF MR. GARRETT'S DIRECT TESTIMONY, HE EXPLAINS HIS INCOME APPROACH. WOULD YOU PLEASE SUMMARIZE MR. GARRETT'S ADJUSTMENTS TO THE GANNETT FLEMING INCOME APPROACH.

A. Mr. Garrett's adjustments to the Gannett Fleming Income Approach to valuation include using a different model and different cash flows to value. He also disagrees with the discount rates used in the model and presents what he believes is a more appropriate discount rate. Mr. Garrett provided no critiques nor adjustments to either UVE's Income Approach procedures or conclusions. Rather Mr. Garrett substituted an Income Approach based on his own unique model that was not used by either UVE, and which has not been approved for use by this Commission in a Section 1329 FMV proceeding despite being proposed on numerous occasions by OCA.

Q. DO MR. GARRETT'S RECOMMENDED ADJUSTMENTS TO THE INCOME APPROACH MEET A STANDARD OF VALUE OF FMV?

A. No. For the reasons discussed later in my Rebuttal Testimony, Mr. Garrett's recommendations do not meet a standard of value of FMV and are in direct violation of Section 1329 of the Code.

Q. WHAT MODEL OR METHOD IS MR. GARRETT'S INCOME APPROACH TO VALUATION RECOMMENDATION BASED ON?

A. On page 12 of his Direct Testimony, Mr. Garrett explained that he applied a capitalization of earnings or cash flow method model. The capitalization of earnings method converts a single base economic income number to a value by dividing it by a capitalization rate. As explained on page 34 of Gannett Fleming's FMV appraisal, "[t]he capitalization of earnings is best suited [for use] when the future earnings, or cash flow, can be predicted. The implicit assumption in the capitalization of earning method is that the cash flow is a perpetuity, and the capitalization rate is a constant." Mr. Garrett's recommended model is shown on OCA Exhibit DJG-5.

Conversely, the Income Approach to valuation used in Gannett Fleming's FMV appraisal is based on the discounted cash flow ("DCF") method which values the potential for profit in an investment and reflects future events. Gannett Fleming used the DCF method to be consistent with the required standard of value of FMV.[25] FMV is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a **hypothetical** willing and able **buyer** and a **hypothetical** willing and able **seller**, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."[26] The

[25] Pratt, Shannon P. "Defining Standards of Value." Valuation 34, no. 2, June 1989. http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf.
[26] National Association of Certified Valuators and Analysts, s.v. "Fair Market Value," *The International Glossary of Business Valuation Terms*. (*Emphasis added*).

DCF method "is based on the principle of anticipation – i.e., value is created by the anticipation of future benefits. DCF analysis reflects investment criteria and requires the appraiser to make rational and supportable assumptions."[27]

The capitalization of earnings method used by Mr. Garrett uses the income or cash flow producing capabilities for a **single year, reflecting current ownership and operations**, as shown on OCA Exhibits DJG-5 and DJG-6. Although Mr. Garrett states, on page 12 of his Direct Testimony, that the single cash flow that he utilized is from the Gannett Fleming FMV appraisal, **he fails to disclose that the single cash flow was not used in the Income Approach to valuation used in Gannett Fleming's FMV appraisal**. Rather, the Income Approach to valuation used in Gannett Fleming's FMV appraisal is based on **projected** cash flows, over multiple years, that are shown on Exhibits 15 and 16 of Gannett Fleming's FMV appraisal, while Mr. Garrett relied on information for the year 2027 that is shown on Exhibit 14.[28] Therefore, the Income Approach to valuation used in Gannett Fleming's FMV appraisal did not use the single year's cash flow utilized by Mr. Garrett.

Page 37 of Gannett Fleming's FMV appraisal states, "[a]s noted previously, the Water System's **financial statements and their rates did not include taxes nor a fair rate of return**. Accordingly, on Exhibits 13 through 16 **we adjusted the Water System's post-2025 financial information for pro forma expenses and returns to be reflective of a MUNI or IOU ownership**." (*Emphasis added*). I do not believe it is appropriate, nor

[27] Appraisal Standards Board, "First Exposure Draft of proposed new Advisory Opinions and Advisory Opinion Revisions in conjunction with the 2016-17 edition of the Uniform Standards of Professional Appraisal Practice" p. 6.
[28] *See* Application, Appendix A-5.2, Gannett Fleming's appraisal report dated October 6, 2025, p. 40-41.

reasonable, to use a single year's cash flow as recommended by Mr. Garrett in his Income Approach to valuation.

Q. YOU PREVIOUSLY STATED THAT THE INCOME APPROACH TO VALUATION USED IN THE GANNETT FLEMING FMV APPRAISAL IS BASED ON THE DCF METHOD. HAS THE COMMISSION EXPRESSED MISGIVINGS OR CONCERNS REGARDING THE USEFULNESS OF APPLYING GANNETT FLEMING'S INCOME APPROACH TO VALUATION UTILIZING THE DCF METHOD IN A SECTION 1329 PROCEEDING IN WHICH GANNETT FLEMING HAS BEEN INVOLVED?

A. No. Gannett Fleming has applied the DCF method as its Income Approach to valuation as part of its FMV appraisals in 24 Section 1329 FMV proceedings that have been reviewed by the Commission. In fact, the Commission has not adjusted Gannett Fleming's DCF method recommendation in any prior proceeding. Conversely, the Commission has never accepted Mr. Garrett's capitalization of earnings method in a Section 1329 FMV proceeding.

Q. ON OCA EXHIBIT DJG-6 OF MR. GARRETT'S DIRECT TESTIMONY, HE SHOWS THE DEVELOPMENT OF HIS SINGLE YEAR'S "FREE CASH FLOW FROM OPERATIONS" USED IN HIS RECOMMENDED CAPITALIZATION OF EARNINGS METHOD MODEL. WHAT CONCERNS DO YOU HAVE WITH MR. GARRETT'S DETERMINATION OF "FREE CASH FLOW FROM OPERATIONS" FOR VALUING THE WATER SYSTEM?

A. I have several concerns. I discuss my concerns and/or observations referencing information shown on Exhibit DJG-6. First, the revenues ($4,940,524) and earnings

before interest and taxes ("EBIT") ($2,243,993) amounts reflect current ownership and current operations, none of which reflect the anticipation of **future** benefits of a hypothetical buyer's ownership. Second, the EBIT used in Mr. Garrett's exhibit do not include income taxes nor a fair rate of return. Third, the depreciation expense ($600,934) is based on original cost. Fourth, since Mr. Garrett's revenues and the EBIT amounts reflect current ownership and current operations, Mr. Garrett's free cash flow from operations is based on the original cost of the assets, not a current value of the assets.[29] Fifth, the subtraction of income taxes ($471,239) is not consistent with Mr. Garrett's current ownership approach, as the ICVWA is a non-income tax paying entity (i.e., municipality). Finally, the EBIT ($2,243,993) amount used by Mr. Garrett is equivalent to a **before-income tax overall rate of return of only 4.19% to 5.50%** on the value of net plant, based on Gannett Fleming's Cost Approach ($53,547,750) or Gannett Fleming's Fair Market Value ($40,785,895), and is clearly below the zone of reasonable returns for public utility assets. Conversely, Mr. Garrett determined a before-income tax overall rate of return of 7.31% for his proxy group and an after-income tax overall rate of return of 6.12% for his proxy group based on the information shown on Exhibit DJG-7.[30]

Therefore, I believe Mr. Garrett's "Annual Cash Flow" of $573,689, shown on OCA Exhibit DJG-5 and developed on OCA Exhibit DJG-6, is unreasonable, is not

[29] For example, Application Appendix A-5.2, Gannett Fleming's appraisal report dated October 6, 2025, shows the OCNLD of the Water System's property, plant equipment was recorded as being $22,809,816, while the value is shown to be $53,547,750 in Gannett Fleming's Cost Approach, and $40,785,895 in Gannett Fleming's Fair Market Value.

[30] Mr. Garrett's after-income tax overall rate of return ($1,772,755), shown on OCA Exhibit DJG-6, is equivalent to only a 3.31% to 4.35% return on the value of net plant, based on Gannett Fleming's Cost Approach ($53,547,750) and/or Gannett Fleming's Fair Market Value ($40,785,895), and is again, clearly below the zone of reasonable returns for public utility assets.

appropriate to use to determine the value of the Water System and should not be adopted by the Commission.

Q. HAS THE COMMISSION EXPRESSED MANY OF THE SAME CONCERNS YOU JUST DISCUSSED REGARDING MR. GARRETT'S CAPITALIZATION OF EARNINGS METHOD?

A. Yes. The Commission has expressed many of the same concerns I just discussed regarding Mr. Garrett's capitalization of earnings method in a prior decision:

> We must agree with Aqua that the OCA did not establish that its proposed adjustments to the Gannett Fleming and AUS Income Approach results, based on Mr. Garrett's use of a single year cash flow utilizing an average of the Township's 2018 through 2020 financials, are appropriate in this proceeding. We agree with Aqua's reasoning that the OCA's formulation of the income from operations and the resultant value erroneously assumes that revenues and expenses as reported in EWT's financials will be the operating results of the buyer. As the ownership and operation migrates to the buyer, Aqua in this case, several changes will occur; namely there will be a new rate base determined by the Commission based on their findings in this Application and the buyer, Aqua, will be allowed to earn a Commission authorized return on rate base. Operating expense, including taxes, will be incorporated along with the allowed return on rate base in determining the ongoing EWT revenue requirement. Mr. Garrett's model does not factor in these changes to the Township's operations as a rate-regulated wastewater utility.[31]

Q. IS MR. GARRETT'S RECOMMENDED USE OF THE ORIGINAL COST PLANT VALUE AS THE BASIS FOR HIS INCOME APPROACH A REASONABLE APPROACH?

A. No. The circularity of this recommendation defeats or eliminates the need to appraise plant assets since the indicated value of net cost of the plant assets is simply the net original cost of the plant assets under Mr. Garrett's recommendation. The value of the investment

[31] *Application of Aqua Pennsylvania Wastewater, Inc. – East Whiteland Township*, Docket No. A-2021-3026132, Opinion and Order entered July 29, 2022, p. 71.

in plant and equipment for the ICVWA's Water system assets is being determined in these proceedings based upon a standard of value of FMV, not a standard of value of original cost.[32]

The Commission has previously rejected the use of original cost as the basis of FMV in prior decisions:

> We note that the original cost study, which is reviewed to determine the reasonableness of a utility's acquisition adjustment claim in a future base rate proceeding, consistent with Section 1327(a) of the Code, 66 Pa. C.S. § 1327(a), and the Commission's policy statement at 52 Pa. Code § 69.721, regarding acquisitions of viable water and wastewater systems, is not applicable in a Section 1329 proceeding.[33]
>
> Historically, regulated utilities under the Commission's jurisdiction have predominantly followed a standard and practice of using depreciated original cost value (with various adjustments) as the rate base in which they may recover their capital investment and earn a rate of return on the unrecouped asset value or rate base. However, Section 1329 establishes fair market value, not original cost, as the ratemaking rate base for municipal transactions. Under Section 1329, it is fair value, ratemaking rate base that, ultimately, will be used for ratemaking purposes, rather than being constrained by depreciated original cost value. As indicated by Aqua, "[t]he OCA's proposed adjustments to the Income Approach are also contrary to the language in McCloskey where the Commonwealth Court clearly stated that 'Section 1329 allows a private utility to acquire a government utility's assets at its fair market value rather than at the original cost of assets minus the accumulated depreciation and then add that amount to rate base.'" Aqua R.B. at 6 (citing McCloskey, 195 A.3d at 1055).[34]

Q. IS MR. GARRETT'S DISCOUNT RATE SHOWN ON OCA EXHIBIT DJG-5 OF HIS DIRECT TESTIMONY AN APPROPRIATE DISCOUNT RATE TO USE FOR FAIR MARKET VALUATION PURPOSES?

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[32] Pratt, Shannon P. "Defining Standards of Value." Valuation 34, no. 2, June 1989. http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf .

[33] *Application of Aqua Pennsylvania Wastewater, Inc. – Limerick Township*, Docket No. A-2017-2605434, Opinion and Order entered November 8, 2017, p. 30.

[34] *Application of Aqua Pennsylvania Wastewater, Inc. – Lower Makefield Township*, Docket No. A-2021-3024267, Opinion and Order entered January 13, 2022, p. 69.

A. No. Mr. Garrett's 5.77% discount rate shown on OCA Exhibit DJG-5 and developed on OCA Exhibit DJG-7 is not appropriate and is not determined in accordance with accepted valuation practice for several reasons. To begin with, Mr. Garrett's capitalization of earnings method (OCA Exhibit DJG-5) incorporates revenues and EBIT reflecting **current ownership, and current operations as a municipality**. Accordingly, Mr. Garrett's discount rate should similarly be based on a municipality's discount rate, not an investor-owned discount rate, so that the cash flows and discount rates are coordinated. This mixing and matching by Mr. Garrett is inappropriate and inconsistent.

Mr. Garrett also used book capitalization ratios (*i.e.*, 49% debt and 51% equity ratios) calculated from a balance sheet. Book capitalization ratios are only used in rate proceedings, whereas the use of market value capitalization ratios at the valuation date (*i.e.*, May 31, 2025) are in accordance with accepted valuation practice and used for fair market valuation purposes.[35] For a municipality, the appropriate capitalization ratio is always 100% debt because debt is the only major source of capital available to finance an acquisition. Although a municipality likely carries equity on its books (balance sheet), all existing equity is already invested in other assets and, therefore, cannot be used to finance an acquisition.[36]

Additionally, Mr. Garrett used an embedded cost of debt of 3.4% or the historical cost of all debt issuances outstanding (OCA Exhibit DJG-7) of his proxy group. An embedded cost of debt is only used in rate proceedings, whereas the use of the marginal

[35] Both the American Society of Appraisers, ASA Business Valuation Standards, 2009, and the National Association of Certified Valuation Analysts, Professional Standards, 2007, use the same definition: "Weighted Average Cost of Capital (WACC). The cost of capital (discount rate) determined by the weighted average, **at market values**, of the cost of all financing sources in the business enterprise's capital structure." (*Emphasis added*).

[36] For example, when a municipal or government entity, such as the Commonwealth of Pennsylvania, finances construction of a road or bridge, it only considers the marginal debt cost despite having "equity" reflected on its books (balance sheet).

cost of debt at the valuation date (*i.e.*, May 31, 2025) is in accordance with accepted valuation practice and used for FMV purposes.[37] For a municipality, the appropriate debt cost rate is the current municipal revenue bond rate at the valuation date.

Finally, Mr. Garrett's equity cost rate was not determined at the valuation date (*i.e.*, May 31, 2025) in accordance with accepted valuation practice and used for FMV purposes. Rather, Mr. Garrett's equity cost rate was calculated over a period from April 1, 2026 to May 13, 2026 (OCA Exhibits DJG-9 and DJG-11), which does not conform with the requirements of Code Section 1329 nor comply with the Uniform Standards of Professional Appraisal Practice. A FMV appraisal is determined on a stated valuation date, not for a period of time. Gannett Fleming's stated valuation date was May 31, 2025, based on the date the APA was executed.

Therefore, based on the aforesaid, I believe Mr. Garrett's 5.77% discount rate shown on OCA Exhibit DJG-5 and developed on OCA Exhibit DJG-7 is unreasonable, not appropriate to use to determine the value of the Water System and should not be adopted by the Commission.

IX. CONCLUSION

Q. IS THERE ANYTHING PRESENTED IN MR. GARRETT'S DIRECT TESTIMONY THAT WOULD RESULT IN YOU ALTERING YOUR FMV APPRAISAL OF THE WATER SYSTEM'S ASSETS?

A. No, there was nothing presented in Mr. Garrett's Direct Testimony which would result in changes to the Gannett Fleming FMV appraisal of the Water System.

[37] For example, see http://www.investinganswers.com/financial-dictionary/financial-statement-analysis/weighted-average-cost-capital-wacc-2905. *Also see* http://www.wallstreetmojo.com/weighted-average-cost-capital-wacc/ , or http://accountingexplained.com/misc/corporate-finance/wacc .

Q. WERE TAX MAP PARCEL ID NUMBERS 26-01-0005 AND 26-02-0012 INCLUDED IN THE ENGINEERING ASSESSMENT'S INVENTORY THAT GANNETT FLEMING APPRAISED?

A. Yes, tax map parcel ID numbers 26-01-0005 and 26-02-0012 were included in Gannett Fleming's appraisal in the Land and Land Rights account 303.00. All land and land rights were valued at original cost in the Gannett Fleming appraisal. The total original cost of tax map parcel ID numbers 26-01-0005 and 26-02-0012 is $40,000.

Q. WOULD GANNETT FLEMING'S FMV APPRAISAL OF THE WATER SYSTEM CHANGE IF TAX MAP PARCEL ID NUMBERS 26-01-0005 AND 26-02-0012 WERE NOT INCLUDED IN THE TRANSACTION?

A. Technically, Gannett Fleming's FMV appraisal of the Water System would not change if tax map parcel ID numbers 26-01-0005 and 26-02-0012 were not included in the transaction because Gannett Fleming's FMV appraisal reflects the facts known as of the valuation date (May 31, 2025). For appraisal purposes, generally, only the circumstances existing at the valuation date and events occurring up to the valuation date are considered.[38] Events which could affect the value may occur after the valuation date, but the appraised value remains the same since the valuation date remains unchanged. Accordingly, whether a specific asset or assets are ultimately sold, transferred, or added as part of a transaction has no impact on the appraised value because the appraised value is as a specific date (May 31, 2025).

[38] The term "generally" is included because sometimes hypothetical conditions are assumed in an appraisal. A hypothetical condition assumes a condition which is known to be contrary to fact. No hypothetical condition was included in the Gannett Fleming FMV appraisal.

For example, some 2026 Water System improvements are listed on page 7 of OCA Statement 2. However, Gannett Fleming's FMV appraisal of the Water System remains unchanged and does not reflect these improvements because these 2026 improvements had not occurred as of the May 31, 2025 valuation date.

Mathematically, Gannett Fleming's FMV appraisal of the Water System would have been lower if tax map parcel ID numbers 26-01-0005 and 26-02-0012 had been excluded from the Engineering Assessment's inventory that Gannett Fleming appraised. That is, if Gannett Fleming used the same approaches to valuation, gave each approach the same weights, and the valuation date remained as May 30, 2025, I believe Gannett Fleming's fair market value for the Water System would change from $40,785,895 to $40,765,326, reflecting a decrease in value of 0.05%, or $20,569.

Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does. However, I reserve the right to supplement my testimony as additional issues arise and additional discovery responses are received during this proceeding.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 1102(a) 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket Nos. A-2025-3055741, *et al.*

VERIFICATION

I, Harold Walker, III, hereby state that the facts set forth in ICVWA Statement No. 2R and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 10, 2026

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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, et al.

DIRECT TESTIMONY
OF
DAVID J. GARRETT

ON BEHALF OF
THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

June 1, 2026

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I. INTRODUCTION

Q. State your name and occupation.

A. My name is David J. Garrett. I am a consultant specializing in public utility regulation. I am the managing member of Resolve Utility Consulting, PLLC.

Q. Summarize your educational background and professional experience.

A. I received a B.B.A. with a major in Finance, an M.B.A. and a Juris Doctor from the University of Oklahoma. I worked in private legal practice for several years before accepting a position as assistant general counsel at the Oklahoma Corporation Commission in 2011. At the Oklahoma Commission, I worked in the Office of General Counsel in regulatory proceedings. In 2012, I began working for the Public Utility Division as a regulatory analyst providing testimony in regulatory proceedings. After leaving the Oklahoma Commission, I formed Resolve Utility Consulting, PLLC, where I have represented various consumer groups, state agencies, and municipalities in utility regulatory proceedings, primarily in the areas of cost of capital and depreciation. I am a Certified Depreciation Professional with the Society of Depreciation Professionals. I am also a Certified Rate of Return Analyst with the Society of Utility and Regulatory Financial Analysts. A more complete description of my qualifications and regulatory experience is included in my curriculum vitae.[1]

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Pennsylvania Office of Consumer Advocate ("OCA").

[1] Exhibit DJG-1.

Q. Describe the scope and organization of your testimony.

A. My testimony addresses the application filed by Pennsylvania American Water Company ("PAWC" or the "Company") for the acquisition of the water system assets (the "System") owned by the Indian Creek Valley Water Authority ("ICVWA"). My testimony responds to the fair market value ("FMV") approaches addressed in the testimony of Harold Walker, III of Gannett Fleming, who sponsors the FMV appraisal commissioned by ICVWA, and the testimony of Jerome C. Weinert of Weinert Appraisal and Depreciation Services ("WADS Consultants"), who sponsors the appraisal commissioned by PAWC.

II. EXECUTIVE SUMMARY

A. Overview

Q. Please summarize PAWC's application in this proceeding.

A. In its application, PAWC proposes to acquire ICVWA's water assets under Sections 507, 1102, 1329 and 2102 of the Public Utility Code (the "Code"). According to Section 1329(c)(2) of the Code, the ratemaking rate base is the lesser of the negotiated purchase price or the average of two FMV appraisals. The FMV estimated by Gannett Fleming and WADS Consultants is $40.8 million and $38.7 million, respectively, which equate to an average valuation of $39.7 million.[2] The purchase price negotiated by PAWC and ICVWA is $32,800,000. This is also the amount of proposed rate base in the application.[3]

[2] Application, Appendix A-5.

[3] *Id*.

Q. Please summarize the FMV appraisal results.

A. Gannett Fleming and WADS Consultants conducted appraisals using the cost, income, and market approaches, as set forth in Section 1329(a)(3) of the Code. The following table outlines the results of Gannett Fleming's appraisal.[4]

Figure 1:
Gannett Fleming Appraisal Results

Approach	Base Value	Weight	Weighted Value
Market	$ 30,233,575	33.3%	$ 10,077,858
Cost	53,547,750	33.3%	17,849,250
Income	38,576,359	33.3%	12,858,786
Total		100.0%	$ 40,785,895

As shown in the table, the weighted average FMV estimated by Gannett Fleming is $40.8 million. The table below shows the results of WADS Consultants' appraisal.[5]

Figure 2:
WADS Consultants Appraisal Results

Approach	Base Value	Weight	Weighted Value
Market	$ 38,432,673	33.3%	$ 12,810,891
Cost	38,688,712	33.3%	12,896,237
Income	38,944,750	33.3%	12,981,583
Total		100.0%	$ 38,688,712

[4] PAWC Statement No. 6, Direct Testimony of Harold Walker, III (hereinafter "Walker Direct"), p. 12, line 1; *see also* Exhibit DJG-2.

[5] ICVWA Statement No. 3, Direct Testimony of Jerome C. Weinert (hereinafter "Weinert Direct"), p. 3, Table 2; *see also* Exhibit DJG-2.

The weighted average FMV estimated by WADS Consultants is $38.7 million. As discussed further in my testimony, the estimates provided by both Utility Valuation Experts (UVEs) under all three approaches are influenced by several unreasonable and upwardly biased assumptions.

Q. Please summarize your adjustments to the FMV appraisals.

A. The table below outlines my proposed adjusted valuations to Gannett Fleming's appraisal under all three approaches.[6]

Figure 3:
Adjustments to Gannett Fleming Appraisal

Approach	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ (2,181,889)	$ 28,051,686	33.3%	$ 9,350,562
Cost	(30,687,063)	22,860,688	33.3%	7,620,229
Income	(8,380,169)	30,196,190	33.3%	10,065,397
Total				$ 27,036,188

Applying reasonable adjustments to Gannett Fleming's appraisal results in a weighted average FMV of $27.0 million. The table below outlines my adjustments to WADS Consultants' appraisal.[7]

[6] Exhibit DJG-2.

[7] *Id*.

Figure 4:
Adjustments to WADS Consultants Appraisal

Approach	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ (10,380,987)	$ 28,051,686	33.3%	$ 9,350,562
Cost	(15,828,025)	22,860,688	33.3%	7,620,229
Income	(8,748,560)	30,196,190	33.3%	10,065,397
Total				$ 27,036,188

The detailed technical aspects of my adjustments to these appraisals are discussed below.

B. Recommendation

Q. Please summarize your recommendation to the Commission.

A. As stated above, according to Section 1329(c)(2) of the Code, the ratemaking rate base is the lesser of the negotiated purchase price and the average of the two FMV appraisals. In this case, both UVEs' FMV estimates were higher than the purchase price of $32.8 million. However, when reasonable adjustments are applied to the appraisals, and those adjusted results are averaged, the indicated FMV estimate is $27.0 million, which is less than the negotiated purchase price. The results are summarized in the table below.[8]

[8] *See* Exhibit DJG-2.

Figure 5:
OCA's Recommended Rate Base

	Appraiser Results	OCA Adjusted
Gannett Fleming	$ 40,785,895	$ 27,036,188
WADS Consultants	38,688,712	27,036,188
Average	$ 39,737,303	$ 27,036,188
Purchase Price	$ 32,800,000	$ 32,800,000
Proposed Ratebase	**$ 32,800,000**	**$ 27,036,188**

If the transaction is approved, I recommend the Commission authorize a ratemaking rate base in the amount of $27,036,188 pursuant to Section 1329(c)(2) of the Code.

III. MARKET APPROACH

Q. Please summarize the UVEs' valuations under the market approach.

A. Gannett Fleming estimates a market approach valuation of $30.2 million, and WADS Consultants estimates a market approach valuation of $38.4 million.[9] The details of these estimates as well as my proposed adjustments are discussed further below.

Q. Please describe Gannett Fleming's market approach valuation.

A. In his appraisal, Mr. Walker used the market multiples method and selected transactions method.

[9] *See* Exhibit DJG-2.

Q. Please describe Mr. Walker's "selected transactions" and "market multiples" methods used in his market approach valuation.

A. In Mr. Walker's selected transactions method, he estimates the valuation of ICVWA System using ratios based on financial and demographic statistics from other acquired systems under Section 1329 proceedings. Mr. Walker's selected transactions method indicates a valuation of $32.8 million.[10] Under his Market Multiples method, Mr. Walker indicates a valuation of $27.2 million.[11] I will address each of these methods below.

Q. What is your response to Mr. Walker's market approach valuation?

A. Of all my adjustments to the two UVEs' three valuation approaches, my market approach estimate is the closest to Mr. Walker's market approach estimate. My adjustment is only $2 million less than Mr. Walker's market approach estimate, although we use different methods to arrive at the results. In his selected transaction method, Mr. Walker incorporates many indicated valuations that are both significantly higher and lower than his ultimate result. In the market multiples method, he has valuations ranging from $4.3 million to $36.7 million.[12] A wide range and variance in valuations may indicate the method is less reliable. In addition, in his selected transaction method, there is a wide range of indicated valuations for non-capital items, such as customers and population. The range of indicated values for non-capital items is $3.4 million to $35.2 million.[13] Again, this does not provide a confident indication of value for the ICVWA System. Based on the results

[10] Appendix A-5.2, Gannett Fleming Fair Market Value Appraisal, Exhibit 18.

[11] *Id*. at Exhibit 18.

[12] *Id*. at Exhibit 19.

[13] *Id*.

of my market approach analysis, I believe Mr. Walker's market approach valuation is overstated.

Q. Please summarize Mr. Weinert's market value approach.

A. Mr. Weinert used a similar approach as Mr. Walker, which considers comparable sales of water and wastewater systems in Pennsylvania.[14]

Q. Do the results of Mr. Weinert's application of the comparable sales method overstate a reasonable estimate of valuation for the System?

A. Yes. Mr. Weinert's ultimate market approach valuation is notably higher than both Mr. Walker valuation and my adjusted valuation. Although Mr. Weinert uses the word "comparable" to describe the transactions he used in his analysis, the initial purchase prices of these transactions range from $4.7 million to $156 million. As with Mr. Walker's approach, such a wide variation in metrics does not inspire confidence in the ultimate result.

Q. Please describe your market approach adjustment.

A. In developing my adjustments to the UVEs' market approach valuations, I used an approach similar to the market value approach used by other UVEs in prior 1329 proceedings. This approach focuses on actual market-based enterprise value and the current values of market capitalization and debt. Enterprise value can be estimated by adding market capitalization to total debt (and subtracting cash equivalents, which is often

[14] Weinert Direct, pp. 13-18.

insignificant). Once the enterprise value is estimated for each proxy company, it can be divided by net plant to develop an enterprise value-to-net plant (EV/NP) ratio. For the proxy group, the average NV/NP ratio based on current market data is 1.2.[15] When this ratio is applied to the net plant of ICVWA System ($22.8 million), it indicates an enterprise value of $28.1 million.[16]

IV. COST APPROACH

Q. What is the Cost Approach?

A. The Cost Approach is a procedure to estimate the current costs to reproduce or create a property with another of comparable use and marketability.[17]

Q. Please summarize the UVEs' valuations under the cost approach.

A. Gannett Fleming's appraisal utilized the original cost new ("OCN") to calculate the trended original cost.[18] The WADS Consultants appraisal used the replacement cost method. Both UVEs estimated accumulated depreciation, or the depreciation "reserve", as a reduction to their respective cost estimates. Mr. Walker's appraisal shows a depreciated original cost amount of $22.8 million.[19] Likewise, Mr. Weinert's appraisal shows a depreciated original cost amount of $22.9 million.[20]

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[15] Exhibit DJG-3.

[16] *Id*.

[17] https://www.appraisers.org/docs/default-source/5---standards/bv-standards-feb-2022.pdf?sfvrsn=5c9e5ac0_3

[18] Walker Direct, p. 15.

[19] Walker Direct, p. 17.

[20] Weinert Direct, p. 13.

Q. Would it be reasonable to consider the OCN less depreciation amount into the valuation under the cost approach?

A. Yes. The OCN less depreciation is effectively the "rate base" for ICVWA. If the acquisition is approved, PAWC's ratemaking rate base will be based on the purchase price. In that regard, ICVWA's "rate base" (as estimated by OCN less depreciation) could be argued to be the most important single metric of the valuation estimate. In other words, if the Commission were tasked with determining the ratemaking rate base for the acquired system without utilizing any independent appraisal and the three valuation approaches, arguably the most reasonable and accurate metric to consider would be the OCNLD amount. In this case, the average amount of the UVEs' OCNLD estimates is $$22.86 million.[21]

V. INCOME APPROACH

Q. Please summarize the income approach valuations estimated in the UVEs' appraisals.

A. Mr. Walker and Mr. Weinert estimate income approach valuations of $38.5 million and $38.9 million, respectively.[22]

Q. Are you proposing any adjustments to the UVEs' valuations under the income approach?

A. Yes. I propose adjustments reducing Mr. Walker's and Mr. Weinert's income approach valuations by $8.4 million and $8.7 million, respectively.[23] I am proposing several

[21] Exhibit DJG-4.

[22] Exhibit DJG-2.

[23] *Id*.

adjustments to the income approaches of each UVE, including the amount of projected annual cash flow, the discount rate, and the growth rate used in their discounted cash flow models. Adjustments to the discount rate involve using a fundamental approach to estimating the cost of equity of ICVWA through the use of financial modeling of a proxy group of utilities, which is further discussed below.

Q. Please summarize your income approach adjustment.

A. My income approach adjustment is based on the theory that assets that are expected to generate cash flows over time can be valued with various discounted cash flow models. While this basic premise also underlies the approach taken by the UVEs in their income approach valuations, I believe several reasonable adjustments are warranted, as further discussed in this section. Under this valuation method, the value of an asset (ICVWA's water system assets in this case), is equal to the present value of its future cash flows. This model also requires estimates for a growth rate and discount rate. For publicly traded assets, we can use the dividend discount model. A derivation of this model that solves for the discount rate is called the Discounted Cash Flow ("DCF") model in regulatory proceedings. However, since ICVWA is not publicly traded and does not issue dividends, we must consider its estimated free cash flow from operations, rather than dividends, as part of the valuation model.[24] I also proposed adjustments to the UVEs' long-term growth rate and discount rate, which are both key inputs to the DCF Model. Under the DCF Model used for the valuation adjustment in this case, the discount rate is the asset's estimated cost of

[24] Exhibit DJG-5.

capital.[25] My adjustment is the result of applying these reasonable estimates to the UVE income approaches.

A. Free Cash Flow From Operations

Q. Please summarize how you adjusted ICVWA's free cash flows from operations.

A. First, I considered the average amount of operating revenues, earnings before interest and taxes ("EBIT"), depreciation, and capital expenditures for the Year 2 metrics assumed in Mr. Walker's income approach modeling to calculate free cash flow from operations as the basis for discounted cash flow analysis.[26] This amount of annual projected cash flows will be grown at a constant growth rate and discounted back to present value using the estimate weighted average cost of capital as the discount rate. This present value amount is the indicated valuation under the income approach.

B. Discount Rate – Cost of Capital

Q. Please summarize how you adjusted ICVWA's cost of capital.

A. The weighted cost of capital essentially involves several key components, including the cost of debt, the cost of equity, and the capital structure. In terms of estimation, the most critical of these components is the cost of equity. To arrive at my adjusted cost of equity, I used proxy group of water utilities (substantially similar to the UVEs' proxy groups).

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[25] The discount rate in DCF Model applied to publicly traded firms is the cost of equity, since the cash flows under that model are cash flows to equity (i.e., post debt dividend payments). In the discounted cash flow valuation model applied to ICVWA, the discount rate is the cost of capital, since we are assuming cash flows to the firm (i.e., pre-debt cash flows).

[26] Exhibit Q, Gannett Fleming Fair Market Value Appraisal, Exhibit 14, p. 1; I selected Year 2 as a starting point for my discounted cash flow analysis because using Years 0 and 1 produced unreasonably low valuation results.

There are several benefits of using a proxy group when estimating the cost of equity for a regulated utility company. Frequently, the most apparent reason, as is the case here, is that the target asset is often not publicly traded. Publicly traded assets have readily obtainable data regarding some of the key components to cost of equity estimation, including stock prices, dividends, and beta estimates. Because I used the proxy group of utilities for the cost of equity adjustment, I used the same group for the cost of debt and capital structure estimates. This is because these elements of the cost of capital are related. Higher debt ratios can have an increasing effect on the cost of debt and equity (though sometimes a decreasing effect on the overall cost of capital to a certain point). I will discuss my adjustments regarding the individual components of the cost of capital in the following sections.

Q. What is your adjusted cost of capital for ICVWA?

A. The following table summarizes my cost of capital adjustment for ICVWA.[27]

Figure 6:
Cost of Capital Adjustment

Capital Component	Proposed Ratio	Cost Rate	After-Tax Rate	Weighted Cost
Long Term Debt	49%	3.4%	2.7%	1.33%
Equity	51%	8.7%	8.7%	4.45%
Total	100%			5.77%

[27] Exhibit DJG-6.

The capital composition and rates contemplated in this calculation produce a cost of capital estimate of 5.77%. This is the figure I used in the discount rate of my discounted cash flow adjustment for ICVWA.[28]

Q. How does your cost of capital adjustment compare to the UVEs' cost of capital estimates?

A. Mr. Walker estimates a range for the cost of capital of 8.92% – 11.61%.[29] Mr. Weinert estimates a cost of capital of 8.22%.[30] Thus, my adjusted cost of capital is less than the estimate of both UVEs. All else held constant, a lower discount rate produces a higher indicated valuation under the income approach. The differences in our cost of capital estimates stem from the differences between the various components of the cost of capital – primarily the cost of equity and capital structure, which are further discussed below.

C. Cost of Equity

Q. Describe the cost of equity.

A. The cost of equity refers to the required return on equity expected from a company's equity investor based on the risk inherent in that investment. The required return from the investors' perspective is synonymous with the *cost* from the company's perspective. Unlike the known, contractual and embedded cost of debt, there is not any explicitly quantifiable "cost" of equity. Instead, the cost of equity must be estimated through various financial models. The two most widely used financial models to estimate the cost of equity

[28] Exhibit DJG-5.

[29] Walker Direct, p. 22.

[30] Weinert Direct, p. 5.

(particularly in regulatory proceedings) are the DCF Model and the Capital Asset Pricing Model (the "CAPM"). I applied each of these models to the same proxy group in order to calculate my adjustment to ICVWA's cost of equity.

1. DCF Analysis

Q. Describe the inputs to the DCF Model.

A. There are three primary inputs in the DCF Model: (1) stock price; (2) dividend; and (3) the long-term growth rate. The stock prices and dividends are known inputs based on recorded data, while the growth rate projection must be estimated. Further details regarding the theories of the DCF Model are discussed in Appendix B.

Q. How did you determine the stock price input of the DCF Model?

A. For the stock price (P_0), I used a 30-day average of stock prices for each company in the proxy group.[31] Analysts sometimes rely on average stock prices for longer periods (*e.g.*, 60, 90, or 180 days). According to the efficient market hypothesis, however, markets reflect all relevant information available at a particular time, and prices adjust instantaneously to the arrival of new information.[32] Past stock prices, in essence, reflect outdated information. The DCF Model used in utility rate cases is a derivation of the dividend discount model, which is used to determine the current value of an asset. Thus, according to the dividend

[31] Exhibit OCA DJG-8.

[32] *See* Eugene F. Fama, *Efficient Capital Markets: A Review of Theory and Empirical Work*, Vol. 25, No. 2 The Journal of Finance 383 (1970); *see also* John R. Graham, Scott B. Smart & William L. Megginson, *Corporate Finance: Linking Theory to What Companies Do* 357 (3rd ed., South Western Cengage Learning 2010). The efficient market hypothesis was formally presented by Eugene Fama in 1970 and is a cornerstone of modern financial theory and practice.

discount model and the efficient market hypothesis, the value for the "P_0" term in the DCF Model should technically be the current stock price, rather than an average.

Q. Why did you use a 30-day average for the current stock price input?

A. Using a short-term average of stock prices for the current stock price input adheres to market efficiency principles while avoiding any irregularities that may arise from using a single current stock price. In the context of a utility rate proceeding, there is a significant length of time from when an application is filed, and testimony is filed. Moreover, choosing a current stock price for one particular day could raise a separate issue concerning which day was chosen to be used in the analysis. In addition, a single stock price on a particular day may be unusually high or low. It is arguably ill-advised to use a single stock price in a model that is ultimately used to set rates for several years, especially if a stock is experiencing some volatility. Thus, it is preferable to use a short-term average of stock prices, which represents a good balance between adhering to well-established principles of market efficiency while avoiding any unnecessary contentions that may arise from using a single stock price on a given day. The stock prices I used in my DCF analysis are based on 30-day averages of adjusted closing stock prices for each company in the proxy group.[33]

Q. Describe how you determined the dividend input of the DCF Model.

A. The dividend term in the DCF Model represents dividends per share (d_0). I used forward-looking annualized dividends published by Yahoo! Finance for the dividend input to my

[33] Exhibit DJG-4. Adjusted closing prices, rather than actual closing prices, are appropriate and reasonable for analyzing historical stock prices. The adjusted price provides an accurate representation of the firm's equity value beyond the mere market price because it accounts for stock splits and dividends.

constant growth DCF Model.[34] Dividing these dividends by the stock prices for each proxy company results in the dividend yield for each company.[35]

Q. Please summarize the growth rate input in the DCF Model.

A. The most critical input in the DCF Model is the growth rate. Unlike the stock price and dividend inputs, the growth rate input (g) must be estimated. As a result, the growth rate is often the most contentious DCF input in utility rate cases. The DCF model used in this case is based on the constant growth valuation model. Under this model, a stock is valued by the present value of its future cash flows in the form of dividends. Before future cash flows are discounted by the cost of equity, however, they must be "grown" into the future by a long-term growth rate. As stated above, one of the inherent assumptions of this model is that these cash flows in the form of dividends grow at a constant rate forever. Thus, the growth rate term in the constant growth DCF model is often called the "constant" or "stable" growth rate. For young, high-growth firms, estimating the growth rate to be used in the model can be especially difficult, and may require the use of multi-stage growth models. For mature, low-growth firms such as utilities, however, estimating the constant growth rate is more transparent.

[34] Exhibit DJG-5.

[35] *Id*.

Q. Should the annual sustainable growth rate used in the DCF Model exceed the annual growth rate of the aggregate economy?

A. No. A fundamental concept in finance is that no firm can grow forever at a rate higher than the growth rate of the economy in which it operates.[36] Thus, the sustainable growth rate used in the DCF Model should not exceed the aggregate economic growth rate. This is especially true when the DCF Model is conducted on public utilities because these firms have defined service territories. As stated by Dr. Damodaran: "[i]f a firm is a purely domestic company, either because of internal constraints . . . or external constraints (such as those imposed by a government), the growth rate in the domestic economy will be the limiting value."[37]

In fact, it is reasonable to assume that a regulated utility would grow at a rate that is less than the U.S. economic growth rate. Unlike competitive firms, which might increase their growth by launching a new product line, franchising, or expanding into new and developing markets, utility operating companies with defined service territories cannot do any of these things to grow. Gross Domestic Product ("GDP") is one of the most widely used measures of economic production and is used to measure aggregate economic growth. According to the Congressional Budget Office's 2022 Long-Term Budget Outlook, the long-term forecast for nominal U.S. GDP growth is 3.9%.[38] In contrast, the UVEs used various growth rates over different periods of time, as further discussed below.

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[36] [36] Aswath Damodaran, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, p. 306 (John Wiley & Sons, Inc., 3rd ed. 2012),

[37] *Id.*

[38] Congressional Budget Office, The 2022 Long-Term Budget Outlook, https://www.cbo.gov/system/files/2022-07/57971-LTBO.pdf.

Q. How do your adjustments to the DCF Model in this case compare with the approach used by the UVEs?

A. One of the primary differences between the UVEs' DCF Models and my adjustments relate to the time period over which we are discounting the assumed cash flows. In the vast majority of utility rate cases, expert witnesses who apply the DCF Model to estimate the utility's cost of capital use the constant growth form of the DCF Model. That is, annual cash flows are assumed to be consistent, and one growth rate is applied to those cash flows. Very rarely do I see cost of capital witnesses use multi-stage DCF Models, as the UVEs did in this case. In this case, the UVEs have considered cash flows for over 20 years. Again, my application of the DCF Model in this case to arrive at my adjustments to the UVEs' income approach valuations is consistent with my approach to the DCF Model in other cases.

Q. Please describe the final results of your DCF Model.

A. My DCF Model cost of equity estimate for ICVWA is 6.8%.[39] This is based on the average DCF result for each company in the proxy group.

2. CAPM Analysis

Q. Describe the CAPM.

A. The CAPM is a market-based model founded on the principle that investors expect higher returns for incurring additional risk.[40] The CAPM estimates this expected return. The

[39] *See* Exhibit DJG-7.

[40] William F. Sharpe, *A Simplified Model for Portfolio Analysis* 277–93 (Management Science IX 1963).

various assumptions, theories, and equations involved in the CAPM are discussed further in Appendix C. The CAPM is a useful model because it directly considers the amount of risk inherent in a business.

Q. Describe the inputs for the CAPM.

A. The basic CAPM equation requires only three inputs to estimate the cost of equity: (1) the risk-free rate; (2) the beta coefficient; and (3) the equity risk premium. Here is the CAPM formula:

Equation 1:
Basic CAPM

Cost of Equity = Risk-free Rate + (Beta × Equity Risk Premium)

Each input is discussed separately below.

D. The Risk-Free Rate

Q. Explain the risk-free rate.

A. The first term in the CAPM is the risk-free rate (R_F). The risk-free rate is simply the level of return investors can achieve without assuming any risk. The risk-free rate represents the bare minimum return that any investor would require on a risky asset. Even though no investment is technically void of risk, investors often use U.S. Treasury securities to represent the risk-free rate because they accept that those securities essentially contain no default risk. The Treasury issues securities with different maturities, including short-term Treasury Bills, intermediate-term Treasury Notes, and long-term Treasury Bonds.

Q. Is it preferable to use the yield on long-term Treasury bonds for the risk-free rate in the CAPM?

A. Yes. In valuing an asset, investors estimate cash flows over long periods of time. Common stock is viewed as a long-term investment, and the cash flows from dividends are assumed to last indefinitely. Thus, short-term Treasury Bill yields are rarely used in the CAPM to represent the risk-free rate. Short-term rates are subject to greater volatility and thus can lead to unreliable estimates. Instead, long-term Treasury bonds are usually used to represent the risk-free rate in the CAPM. I considered a 30-day average of daily Treasury yield curve rates on 30-year Treasury Bonds in my risk-free rate estimate, which resulted in a risk-free rate of 4.93%.[41]

Q. How is the beta coefficient used in this model?

A. As discussed above, beta represents the sensitivity of a given security to movements in the overall market. The CAPM states that in efficient capital markets, the expected risk premium on each investment is proportional to its beta. Recall that a security with a beta greater (or less) than one is more (or less) risky than the market portfolio. An index such as the S&P 500 Index is used as a proxy for the market portfolio. The historical betas for publicly traded firms are published by various institutional analysts. Beta may also be calculated through a linear regression analysis, which provides additional statistical information about the relationship between a single stock and the market portfolio. As discussed above, beta also represents the sensitivity of a given security to the market as a whole. The market portfolio of all stocks has a beta equal to one. Stocks with betas greater

[41] Exhibit DJG-11.

than 1.0 are relatively more sensitive to market risk than the average stock. For example, if the market increases (or decreases) by 1.0%, a stock with a beta of 1.5 will, on average, increase (or decrease) by 1.5%. In contrast, stocks with betas of less than 1.0 are less sensitive to market risk. For example, if the market increases (or decreases) by 1.0%, a stock with a beta of 0.5 will, on average, only increase (or decrease) by 0.5%.

Q. Describe the source for the betas you used in your CAPM analysis.

A. I used betas recently published by Value Line Investment Survey. The beta for each proxy company is less than 1.0.[42] Thus, we have an objective measure to prove the well-known concept that utility stocks are less risky than the average stock in the market.

Q. Describe the equity risk premium.

A. The final term of the CAPM is the equity risk premium ("ERP"), which is the required return on the market portfolio less the risk-free rate ($R_M - R_F$). In other words, the ERP is the level of return investors expect above the risk-free rate in exchange for investing in risky securities. To estimate the ERP, I considered expert surveys, an implied ERP calculation, and the ERP published by a third-party financial advising firm.

Q. Describe the expert survey approach to estimating the ERP.

A. As its name implies, the expert survey approach to estimating the ERP involves conducting a survey of experts including professors, analysts, chief financial officers, and other executives around the country and asking them what they think the ERP is. The IESE

[42] *See* Exhibit DJG-8.

Business School conducts a periodic survey that asks experts around the country about their opinions on the ERP. Their 2026 expert survey reported an average ERP of 5.3%.[43]

Q. Describe the implied ERP approach.

A. The third method of estimating the ERP is arguably the best. The implied ERP relies on the stable growth model proposed by Gordon, often called the "Gordon Growth Model," which is a basic stock valuation model widely used in finance for many years.[44] This model is a mathematical derivation of the DCF Model. In fact, the underlying concept in both models is the same: the current value of an asset is equal to the present value of its future cash flows. Instead of using this model to determine the discount rate of one company, we can use it to determine the discount rate for the entire market by substituting the inputs of the model. Specifically, instead of using the current stock price (P_0), we will use the current value of the S&P 500 (V_{500}). Similarly, instead of using the dividends of a single firm, we will consider the dividends paid by the entire market. Additionally, we should consider potential dividends. In other words, stock buybacks should be considered in addition to paid dividends, as stock buybacks represent another way for the firm to transfer free cash flow to shareholders. Focusing on dividends alone without considering stock buybacks could understate the cash flow component of the model and ultimately understate the implied ERP. The market dividend yield plus the market buyback yield gives us the gross

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[43] Pablo Fernandez, et al., *Survey: market Risk Premium and Risk-Free Rate used for 80 countries in 2023* (IESE Business School 2020), copy available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4407839 IESE Business School is the graduate business school of the University of Navarra. IESE offers Master of Business Administration (MBA), Executive MBA and Executive Education programs. IESE is consistently ranked among the leading business schools in the world.

[44] Myron J. Gordon and Eli Shapiro, *Capital Equipment Analysis: The Required Rate of Profit* 102–10 (Management Science Vol. 3, No. 1 Oct. 1956).

cash yield to use as our cash flow in the numerator of the discount model. This gross cash yield is increased each year over the next five years by the growth rate. These cash flows must be discounted to determine their present value. The discount rate in each denominator is the risk-free rate (R_F) plus the discount rate (K). The following formula shows how the implied return is calculated. Since the current value of the S&P is known, we can solve for K: the implied market return.[45]

Equation 2:
Implied Market Return

$$V_{500} = \frac{CY_1(1+g)^1}{(1+R_F+K)^1} + \frac{CY_2(1+g)^2}{(1+R_F+K)^2} + \cdots + \frac{CY_5(1+g)^5 + TV}{(1+R_F+K)^5}$$

where:

V_{500}	=	*current value of index (S&P 500)*
$CY_{1\text{-}5}$	=	*average cash yield over last five years (includes dividends and buybacks)*
g	=	*compound growth rate in earnings over last five years*
R_F	=	*risk-free rate*
K	=	*implied market return (this is what we are solving for)*
TV	=	*terminal value = CY_5 (1+R_F) / K*

The discount rate is called the "implied" return here because it is based on the current value of the index as well as the value of free cash flow to investors projected over the next five years. Thus, based on these inputs, the market is "implying" the expected return; or in other words, based on the current value of all stocks (the index price), and the projected value of future cash flows, the market is telling us the return expected by investors for investing in the market portfolio. After solving for the implied market return (K), we simply subtract the risk-free rate from it to arrive at the implied ERP.

[45] *See* Exhibit DJG-9 for detailed calculation.

Equation 3:
Implied Equity Risk Premium

$$Implied\ Expected\ Market\ Return - R_F = Implied\ ERP$$

Q. Discuss the results of your implied ERP calculation.

A. After collecting data for the index value, operating earnings, dividends, and buybacks for the S&P 500 over the past six years, I calculated the dividend yield, buyback yield, and gross cash yield for each year. I also calculated the compound annual growth rate (g) from operating earnings. I used these inputs, along with the risk-free rate and current value of the index to calculate a current expected return on the entire market of 9.7%. I subtracted the risk-free rate to arrive at the implied equity risk premium of 5.1%.[46] Dr. Damodaran, one of the world's leading experts on the ERP, promotes the implied ERP method discussed above. He calculates monthly and annual implied ERPs with this method and publishes his results. Dr. Damodaran's average ERP estimate for May 2026 using several implied ERP variations was 4.5%.[47]

Q. What are the results of your final ERP estimate?

A. For the final ERP estimate I used in my CAPM analysis, I considered the results of the ERP surveys along with the implied ERP calculations and the ERP reported by Kroll (formerly Duff & Phelps).[48] The results are presented in the following figure:

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[46] Exhibit DJG-11.

[47] Aswath Damodaran, *Implied Equity Risk Premium Update*, DAMODARAN ONLINE (last visited Nov. 2, 2020) http://pages.stern.nyu.edu/~adamodar/.

[48] Exhibit DJG-12.

Figure 7:
Equity Risk Premium Results

IESE Business School Survey	5.3%
Kroll (Duff & Phelps) Report	5.0%
Damodaran (highest)	4.6%
Garrett	5.1%
Average	**5.0%**

I selected the average ERP estimate of 5.0% to use in my CAPM analysis.

Q. Please explain the final results of your CAPM analysis.

A. Using the inputs for the risk-free rate, beta coefficient, and ERP discussed above, I estimate that the CAPM cost of equity is 8.7%.[49]

Q. Given the results of your DCF and CAPM analyses, what is your estimated cost of equity for ICVWA?

A. To arrive at my cost of equity estimate, I used the CAPM result of 8.7%. While I believe the DCF Model can be a useful approach in estimating cost of equity, in this particular case, I believe the DCF result of 6.8% is lower than a reasonable estimate for ICVWA's cost of equity, and it is significantly lower than the ROEs typically authorized in utility rate proceedings.

[49] Exhibit DJG-8.

E. Cost of Debt and Capital Structure

Q. Please describe your adjustments to the cost of debt and capital structure.

A. As discussed above, the cost of debt and capital structure are also components that comprise the overall cost of capital. Since I used the utility proxy group to estimate the cost of equity, I used the same group to estimate the cost of debt and capital structure. In addition, I relied on the same source for the information – Value Line Investment Survey. To estimate the cost of debt, I considered the interest expense and long-term debt reported for each of the proxy companies. To estimate the capital structure, I considered the long-term debt ratios for each proxy company. Again, I considered substantially the same proxy group of companies as both UVEs as well as their consideration of Value Line as a source for some of the pertinent financial data used in their analyses, including the debt ratios. My average, adjusted cost of debt (pre-tax) and debt ratio for the proxy group is 3.9% and 48%, respectively.[50]

Q. Please summarize and illustrate the final results of your proposed adjustments under the income approach.

A. First, I used some of the same income statement metrics in Mr. Walker's appraisal for Year 2.[51] This resulted in an annual cash flow of $573,689 for the effective starting year cash flow analysis. I then applied an annual, constant growth rate of 3.8%, which is equal to projected long-term GDP growth. I then discounted the projected future cash flows back

[50] Exhibit DJG-7.

[51] Using Year 0 or Year 1 metrics would have resulted in an unreasonably low valuation.

to present value using ICVWA's estimated weighted average cost of capital of 5.77%. The following figure presents the final results:[52]

Figure 8:
Adjusted Income Approach Results

Annual Cash Flow	$	573,689
Constant Growth Rate		3.80%
Discount Rate		5.77%
Adjusted Value	**$**	**30,196,190**

Under these assumptions, ICVWA's indicated valuation under the income approach is $30.1 million, which is nearly equal to the indicated valuation under the market approach.

VI. CONCLUSION AND RECOMMENDATION

Q. Please summarize the key points of your testimony.

A. I reviewed the market, cost, and income valuations proposed by each appraisal. Certain assumptions made by each UVE caused the results of their valuations under each approach to be unreasonably high. Applying reasonable adjustments to their models, I estimated a reasonable fair market value for acquisition of the ICVWA system.

[52] *See also* Exhibit DJG-4.

Q. What is your recommendation to the Commission?

A. If the Commission approves the acquisition, the Commission should adopt my proposed adjustments to the appraisals and approve a ratemaking rate base in the amount of $27,036,188 pursuant to Section 1329(c)(2) of the Code.

Q. Does this conclude your testimony?

A. Yes.

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EDUCATION

University of Oklahoma — Norman, OK
Master of Business Administration — 2014
Areas of Concentration: Finance, Energy

University of Oklahoma College of Law — Norman, OK
Juris Doctor — 2007
Member, American Indian Law Review

University of Oklahoma — Norman, OK
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PROFESSIONAL DESIGNATIONS

Society of Depreciation Professionals
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Society of Utility and Regulatory Financial Analysts
Certified Rate of Return Analyst (CRRA)

WORK EXPERIENCE

Resolve Utility Consulting PLLC — Oklahoma City, OK
Managing Member — 2016 – Present
Provide expert analysis and testimony specializing in depreciation and cost of capital issues for clients in utility regulatory proceedings.

Oklahoma Corporation Commission — Oklahoma City, OK
Public Utility Regulatory Analyst — 2012 – 2016
Assistant General Counsel — 2011 – 2012
Represented commission staff in utility regulatory proceedings and provided legal opinions to commissioners. Provided expert analysis and testimony in depreciation, cost of capital, incentive compensation, payroll and other issues.

Perebus Counsel, PLLC — Oklahoma City, OK
Managing Member — 2009 – 2011
Represented clients in the areas of family law, estate planning, debt negotiations, business organization, and utility regulation.

Moricoli & Schovanec, P.C. — Oklahoma City, OK
Associate Attorney — 2007 – 2009
Represented clients in the areas of contracts, oil and gas, business structures and estate administration.

TEACHING EXPERIENCE

University of Oklahoma — Norman, OK
Adjunct Instructor – "Conflict Resolution" — 2014 – 2021
Adjunct Instructor – "Ethics in Leadership"

Rose State College — Midwest City, OK
Adjunct Instructor – "Legal Research" — 2013 – 2015
Adjunct Instructor – "Oil & Gas Law"

PROFESSIONAL ASSOCIATIONS

Oklahoma Bar Association — 2007 – Present

Society of Depreciation Professionals — 2014 – Present
Board Member – President — 2017
Participate in management of operations, attend meetings, review performance, organize presentation agenda.

Society of Utility Regulatory Financial Analysts — 2014 – Present

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Delaware Public Service Commission	Artesian Water Company	25-0346	Cost of capital, awarded rate of return, capital structure	Division of the Public Advocate
Pennsylvania Public Utility Commission	Pennsylvania-American Water Company	A-2024-3049015	Fair market value review (Borough of Greenville)	Pennsylvania Office of Consumer Advocate
Public Service Commission of South Carolina	Kiawah Island Utility, Inc.	2025-243-WS	Cost of capital, depreciation rates, net salvage	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	City of Lancaster - Bureau of Water	R-2025-3057237	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Massachusetts Department of Public Utilities	Liberty Utilities Corp. d/b/a Liberty	D.P.U. 25-85	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	2025.09.072	Cost of capital, awarded rate of return, capital structure	Montana Consumer Counsel and Denbury Onshore LLC
Wyoming Public Service Commission	Montana-Dakota Utilities Co.	20004-174-ER-25	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate
Washington Utilities & Transportation Commission	Northwest Natural Gas Company	UG-250610	Depreciation rates, service lives, net salvage	Washington Office of Attorney General
Pennsylvania Public Utility Commission	Pennsylvania American Water Company	R-2025-3057983 R-2025-3058051	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
New York State Public Service Commission	New York State Electric & Gas and Rochester Gas and Electric Corporation	25-E-0375, 25-G-0378 25-E-0379, 25-G-0380	Cost of capital, depreciation rates, net salvage	Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection
Pennsylvania Public Utility Commission	PPL Electric Utilities Corporation	R-2025-3057164	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Railroad Commission of Texas	Texas Gas Services Company	OS-24-00028202	Depreciation rates, service lives, net salvage	The City of El Paso
Public Utility Commission of Texas	Texas-New Mexico Power Company	PUC 58964	Depreciation rates, service lives, net salvage	Alliance of Texas-New Mexico Power Municipalities
New Jersey Board of Public Utilities	South Jersey Gas	GR25110627	Cost of capital, awarded rate of return, capital structure	Staff of the New Jersey Board of Public Utilities

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Maryland Public Service Commission	Potomac Electric Power Company	9820	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
New Jersey Board of Public Utilities	Rockland Electric Company	ER25060374	Cost of capital, depreciation rates, net salvage	Staff of the New Jersey Board of Public Utilities
Arizona Corporation Commission	Arizona Public Service Company	E-01345A-25-0105	Cost of capital, depreciation rates, net salvage	Arizona Large Customer Group and Freeport Minerals Corporation
New Jersey Board of Public Utilities	Middlesex Water Company	WR25060372	Cost of capital, depreciation rates, net salvage	Staff of the New Jersey Board of Public Utilities
Maryland Public Service Commission	Maryland-American Water Company	9808	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Arizona Corporation Commission	Tucson Electric Power Company	E-01933A-25-0103	Cost of capital, awarded rate of return, capital structure	Arizona Large Customer Group and Freeport Minerals Corporation
Public Service Commission of West Virginia	West Virginia American Water Company	25-0426-W-42T 25-0428-S-42T	Cost of capital, awarded rate of return, capital structure	Consumer Advocate Division of the Public Service Commission of West Virginia
Federal Energy Regulatory Commission	Pacific Gas and Electric Company	ER24-96	Depreciation rates, service lives, net salvage	Northern California Power Agency
Public Utility Commission of Texas	Oncor Electric Delivery Company LLC	PUC 58306	Depreciation rates, service lives, net salvage	Alliance of Oncor Cities
Public Service Commission of West Virginia	Hope Gas, Inc.	24-0678-G-D	Cost of capital, awarded rate of return, capital structure	Consumer Advocate Division of the Public Service Commission of West Virginia
Pennsylvania Public Utility Commission	The York Water Company, et al	R-2025-3053442 R-2025-3053573	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Pennsylvania Public Utility Commission	UGI Utilities, Inc.	R-2024-3052716	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Wyoming Public Service Commission	Rocky Mountain Power	20000-671-ER-24	Cost of capital and authorized rate of return	Wyoming Industrial Energy Consumers
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 2023-000086	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Public Service Commission of South Carolina	Piedmont Natural Gas Company	2022-89-G 2024-179-G	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Florida Public Service Commission	Peoples Gas System	20250029-GU	Cost of capital, awarded rate of return, capital structure	Florida Office of Public Counsel
Public Service Commission of the State of Montana	NorthWestern Energy	2024.05.053	Cost of capital, depreciation rates, net salvage	Montana Consumer Counsel and Montana Large Customer Group
New York State Public Service Commission	Niagara Mohawk Power Corporation	24-E-0322 24-G-0323	Depreciation rates, service lives, net salvage, depreciation reserve	Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection
Public Utilities Commission of Ohio	Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company	24-468-EL-AIR, *et seq* .	Depreciation rates, service lives, net salvage	Office of the Ohio Consumers' Counsel
Public Utility Commission of Texas	El Paso Electric Company	PUC 57568	Depreciation rates, service lives, net salvage	The City of El Paso
Public Service Commission of Utah	Enbridge Gas Utah	25-057-06	Cost of capital, depreciation rates, net salvage	Office of Consumer Services
Pennsylvania Public Utility Commission	Pennsylvania-American Water Company	A-2025-3052983	Fair market value review (Elizabeth Borough)	Pennsylvania Office of Consumer Advocate
Commonwealth of Virginia State Corporation Commission	Virginia Electric and Power Company	PUR-2025-00058	Cost of capital, awarded rate of return, capital structure	Data Center Coalition
Delaware Public Service Commission	Delmarva Power & Light Company	24-1044	Cost of capital, depreciation rates, net salvage	Division of the Public Advocate
New York State Public Service Commission	Consolidated Edison Company of New York, Inc.	25-E-0072 25-G-0073	Depreciation rates, service lives, net salvage, depreciation reserve	Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection
Pennsylvania Public Utility Commission	Columbia Gas of Pennsylvania	R-2025-3053499	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Public Utility Commission of Texas	CenterPoint Energy Houston Electric	PUC 58028	System restoration costs	Texas Coast Utilities Coalition
Mississippi Public Service Commission	Atmos Energy Corporation	2025-UN-59	Depreciation rates, service lives, net salvage	Mississippi Public Utilities Staff
Public Service Commission of West Virginia	Appalachian Power Company and Wheeling Power Company	24-0854-E-42T	Cost of capital, awarded rate of return, capital structure	Consumer Advocate Division of the Public Service Commission of West Virginia
Public Service Commission of West Virginia	Appalachian Power Company and Wheeling Power Company	24-0670-E-D	Depreciation rates, service lives, net salvage	Consumer Advocate Division of the Public Service Commission of West Virginia

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
New Jersey Board of Public Utilities	Atlantic City Electric Company	ER24110854	Cost of capital, awarded rate of return, capital structure	Staff of the New Jersey Board of Public Utilities
Pennsylvania Public Utility Commission	Aqua Pennsylvania, Inc.	A-2022-3033138	Fair market value review (Beaver Falls)	Pennsylvania Office of Consumer Advocate
Mississippi Public Service Commission	Mississippi Power Company	2024-UN-117	Depreciation rates, service lives, net salvage	Mississippi Public Utilities Staff
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	2024.05.061	Cost of capital, depreciation rates, net salvage	Montana Consumer Counsel
Maryland Public Service Commission	Columbia Gas of Maryland	9754	Cost of capital, depreciation rates, net salvage	Maryland Office of People's Counsel
Railroad Commission of Texas	Atmos Energy, Mid-Tex Division	OS-24-00019196	Depreciation rates, service lives, net salvage	Atmos Texas Municipalities
Wyoming Public Service Commission	Montana-Dakota Utilities Co.	30013-415-GR-24	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate
Indiana Utility Regulatory Commission	Duke Energy Indiana	46038	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor
Railroad Commission of Texas	Atmos Energy, West Texas Division	OS-24-00018879	Depreciation rates, service lives, net salvage	The Cities of Amarillo, Lubbock, Dalhart, and Channing
Washington Utilities & Transportation Commission	Cascadia Water, LLC	UW-240151	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Railroad Commission of Texas	West Texas Gas Utility	OS-24-00017816	Cost of capital, depreciation rates, net salvage	Alliance of WTG Municipalities
Maryland Public Service Commission	Washington Gas Light Company	9737	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Railroad Commission of Texas	Texas Gas Services Company	OS-24-00017471	Depreciation rates, service lives, net salvage	The Steering Committee of Cities
Pennsylvania Public Utility Commission	Veolia Water Pennsylvania, Inc.	R-2024-3045192 R-2024-3045193	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Pennsylvania Public Utility Commission	PECO Energy Company - Gas Division	R-2024-3046932	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Pennsylvania Public Utility Commission	PECO Energy Company - Electric Division	R-2024-3046931	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 2023-000087	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Maryland Public Service Commission	Maryland Water Service, Inc.	9729	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Kansas Corporation Commission	Kansas Gas Service	24-KGSG-610-RTS	Depreciation rates, service lives, net salvage	The Citizens' Utility Ratepayer Board
Pennsylvania Public Utility Commission	FirstEnergy Pennsylvania Electric Company	R-2024-3047068	Depreciation rates, service lives, net salvage	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Chesapeake Utilities Corporation Sandpiper Energy, Inc. Elkton Gas Company	9721	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Pennsylvania Public Utility Commission	Duquesne Light Company	R-2024-3046523	Cost of capital, depreciation rates, net salvage	Pennsylvania Office of Consumer Advocate
Public Utility Commission of Texas	CenterPoint Energy Houston Electric	PUC 56211	Depreciation rates, service lives, net salvage	Texas Coast Utilities Coalition
Washington Utilities & Transportation Commission	Avista Corporation	UE-240006 UG-240007	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Public Utility Commission of Texas	AEP Texas Inc.	PUC 56165	Depreciation rates, service lives, net salvage	Cities Served by AEP Texas
Public Utilities Commission of Nevada	Southwest Gas Corporation	23-09012	Depreciation rates, service lives, net salvage	Bureau of Consumer Protection
Public Utilities Commission of the State of California	Southern California Edison	A.23-05-010	Depreciation rates, service lives, net salvage	The Utility Reform Network
Pennsylvania Public Utility Commission	Pennsylvania-American Water Company	R-2023-3043189 R-2023-3043190	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45967	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Massachusetts Department of Public Utilities	Massachusetts Electric Company and Nantucket Electric Company D/B/A National Grid	D.P.U. 23-150	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Iowa Utilities Board	Interstate Power and Light Company	RPU-2023-0002	Depreciation rates, service lives, net salvage	Office of Consumer Advocate
Public Service Commission of South Carolina	Duke Energy Carolinas	2023-388-E 2023-403-E	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Indiana Utility Regulatory Commission	Citizens Energy Group	45988	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Railroad Commission of Texas	CenterPoint Energy Resources Corp.	OS-23-00015513	Depreciation rates, service lives, net salvage	Alliance of CenterPoint Municipalities
Indiana Utility Regulatory Commission	CenterPoint Energy Indiana South	45990	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Delaware Public Service Commission	Artesian Water Company, Inc.	23-0601	Cost of capital, depreciation rates, net salvage	Division of the Public Advocate
Maryland Public Service Commission	Washington Gas Light Company	9704	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Delaware Public Service Commission	Veolia Water Delaware Inc.	23-0598	Cost of capital, awarded rate of return, capital structure	Division of the Public Advocate
Connecticut Public Utilities Regulatory Authority	United Illuminating Company	22-08-08	Depreciation rates, service lives, net salvage	PURA Staff
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 54634	Depreciation rates, service lives, net salvage	Alliance of Xcel Municipalities
Railroad Commission of Texas	SiEnergy, LP	OS-23-00013504	Depreciation rates, service lives, net salvage	Texas municipal intervenor group
Pennsylvania Public Utility Commission	Aqua Pennsylvania, Inc.	A-2022-3034143	Fair market value review	Pennsylvania Office of Consumer Advocate
Wyoming Public Service Commission	Rocky Mountain Power	20000-633-ER-23	Cost of capital and authorized rate of return	Wyoming Industrial Energy Consumers
Maryland Public Service Commission	Potomac Electric Power Company	9702	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Public Utilities Commission of Nevada	Nevada Power Company d/b/a NV Energy	23-06007 23-06008	Depreciation rates, service lives, net salvage	Bureau of Consumer Protection

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Public Utilities Commission of Ohio	Northeast Ohio Natural Gas Corp.	23-0154-GA-AIR	Cost of capital, awarded rate of return, capital structure	Office of the Ohio Consumers' Counsel
New York State Public Service Commission	The Brooklyn Union Gas Company and Keyspan Gas East Corporation d/b/a Nation Grid	23-G-0225 23-G-0226	Depreciation rates, service lives, net salvage, depreciation reserve	The City of New York
Idaho Public Utilities Commission	Idaho Power Company	IPC-E-23-11	Cost of capital, awarded rate of return, capital structure	Micron Technology, Inc.
Indiana Utility Regulatory Commission	Indiana Michigan Power Company	45933	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Massachusetts Department of Public Utilities	Fitchburg Gas and Electric Company d/b/a Unitil	D.P.U. 23-80; D.P.U. 23-81	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Kansas Corporation Commission	Evergy Kansas Central, Evergy Kansas South, and Evergy Metro	23-EKCE-775-RTS	Depreciation rates, service lives, net salvage	The Citizens' Utility Ratepayer Board
Delaware Public Service Commission	Delmarva Power & Light Company	22-0897	Cost of capital, awarded rate of return, capital structure	Division of the Public Advocate
Connecticut Public Utilities Regulatory Authority	Connecticut Water Company	23-08-32	Depreciation rates, service lives, net salvage	PURA Staff
Connecticut Public Utilities Regulatory Authority	Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company	23-11-02	Depreciation rates, service lives, net salvage	PURA Staff
Railroad Commission of Texas	Atmos Pipeline – Texas	OS-23-00013758	Depreciation rates, service lives, net salvage	Atmos Texas Municipalities
Wyoming Public Service Commission	Black Hills Wyoming Gas	30026-78-GR-23	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate
Indiana Utility Regulatory Commission	Indianapolis Power & Light Company d/b/a AES Indiana	45911	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
New Mexico Public Regulation Commission	Southwestern Public Service Company	22-00286-UT	Cost of capital, depreciation rates, net salvage	The New Mexico Large Customer Group; Occidental Permian
Public Utilities Commission of the State of California	Southern California Gas Company San Diego Gas & Electric Company	A.22-05-015 A.22-05-016	Depreciation rates, service lives, net salvage	The Utility Reform Network
Public Utilties Commission of the State of Colorado	Public Service Company of Colorado	22AL-0530E 22AL-0478E	Cost of capital, awarded rate of return, capital structure	Colorado Energy Consumers

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
New Mexico Public Regulatory Commission	Public Service Company of New Mexico	22-00270-UT	Cost of capital, depreciation rates, net salvage	The Albuquerque Bernalillo County Water Utility Authority
Florida Public Service Commission	Peoples Gas System	20230023-GU 20220219-GU 20220212-GU	Cost of capital, depreciation rates, net salvage	Florida Office of Public Counsel
Maryland Public Service Commission	Potomac Edison Company	9695	Cost of capital, depreciation rates, net salvage	Maryland Office of People's Counsel
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	2022.11.099	Depreciation rates, service lives, net salvage	Montana Consumer Counsel and Denbury Onshore
Indiana Utility Regulatory Commission	Indiana-American Water Company	45870	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Service Commission of South Carolina	Dominion Energy South Carolina	2023-70-G	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Maryland Public Service Commission	Columbia Gas of Maryland	9701	Cost of capital, awarded rate of return, capital structure	Maryland Office of People's Counsel
Pennsylvania Public Utility Commission	Columbia Water Company	R-2023-3040258	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Baltimore Gas and Electric Company	9692	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Arizona Corporation Commission	Arizona Public Service Company	E-01345A-22-0144	Cost of capital, awarded rate of return, capital structure	Residential Utility Consumer Office
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 2022-000093	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Public Service Commission of the State of Montana	NorthWestern Energy	2022.07.078	Cost of capital, depreciation rates, net salvage	Montana Consumer Counsel and Montana Large Customer Group
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45772	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor
Public Service Commission of South Carolina	Duke Energy Progress	2022-254-E	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Wyoming Public Service Commission	Cheyenne Light, Fuel and Power Company D/B/A Black Hills Energy	20003-214-ER-22	Depreciation rates, service lives, net salvage	Wyoming Office of Consumer Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Railroad Commission of Texas	Texas Gas Services Company	OS-22-00009896	Depreciation rates, service lives, net salvage	The City of El Paso
Public Utilities Commission of Nevada	Sierra Pacific Power Company	22-06014	Depreciation rates, service lives, net salvage	Bureau of Consumer Protection
Washington Utilities & Transportation Commission	Puget Sound Energy	UE-220066 UG-220067 UG-210918	Depreciation rates, service lives, net salvage	Washington Office of Attorney General
Public Utility Commission of Texas	Oncor Electric Delivery Company LLC	PUC 53601	Depreciation rates, service lives, net salvage	Alliance of Oncor Cities
Florida Public Service Commission	Florida Public Utilities Company	20220067-GU	Cost of capital, depreciation rates	Florida Office of Public Counsel
Public Utility Commission of Texas	Entergy Texas, Inc.	PUC 53719	Depreciation rates, decommissioning costs	Texas Municipal Group
Florida Public Service Commission	Florida City Gas	2020069-GU	Cost of capital, depreciation rates	Florida Office of Public Counsel
Connecticut Public Utilities Regulatory Authority	Aquarion Water Company of Connecticut	22-07-01	Depreciation rates, service lives, net salvage	PURA Staff
Washington Utilities & Transportation Commission	Avista Corporation	UE-220053 UG-220054 UE-210854	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Federal Energy Regulatory Commission	ANR Pipeline Company	RP22-501-000	Depreciation rates, service lives, net salvage	Ascent Resources - Utica, LLC
Pennsylvania Public Utility Commission	Columbia Gas of Pennsylvania, Inc.	R-2022-3031211	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Service Commission of South Carolina	Piedmont Natural Gas Company	2022-89-G	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	UGI Utilities, Inc. - Gas Division	R-2021-3030218	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Utilities Commission of the State of California	Pacific Gas & Electric Company	A.21-06-021	Depreciation rates, service lives, net salvage	The Utility Reform Network
Pennsylvania Public Utility Commission	PECO Energy Company - Gas Division	R-2022-3031113	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 202100164	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Massachusetts Department of Public Utilities	NSTAR Electric Company D/B/A Eversource Energy	D.P.U. 22-22	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Michigan Public Service Company	DTE Electric Company	U-20836	Cost of capital, awarded rate of return, capital structure	Michigan Environmental Council and Citizens Utility Board of Michigan
New York State Public Service Commission	Consolidated Edison Company of New York, Inc.	22-E-0064 22-G-0065	Depreciation rates, service lives, net salvage, depreciation reserve	The City of New York
Pennsylvania Public Utility Commission	Aqua Pennsylvania Wastewater / East Whiteland Township	A-2021-3026132	Fair market value estimates for wastewater assets	Pennsylvania Office of Consumer Advocate
Public Service Commission of South Carolina	Kiawah Island Utility, Inc.	2021-324-WS	Cost of capital, awarded rate of return, capital structure	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	Aqua Pennsylvania Wastewater / Willistown Township	A-2021-3027268	Fair market value estimates for wastewater assets	Pennsylvania Office of Consumer Advocate
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45621	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Arkansas Public Service Commission	Southwestern Electric Power Company	21-070-U	Cost of capital, depreciation rates, net salvage	Western Arkansas Large Energy Consumers
Federal Energy Regulatory Commission	Southern Star Central Gas Pipeline	RP21-778-002	Depreciation rates, service lives, net salvage	Consumer-Owned Shippers
Railroad Commission of Texas	Participating Texas gas utilities in consolidated proceeding	OS-21-00007061	Securitization of extraordinary gas costs arising from winter storms	The City of El Paso
Public Service Commission of South Carolina	Palmetto Wastewater Reclamation, Inc.	2021-153-S	Cost of capital, awarded rate of return, capital structure, ring-fencing	South Carolina Office of Regulatory Staff
Public Utilties Commission of the State of Colorado	Public Service Company of Colorado	21AL-0317E	Cost of capital, depreciation rates, net salvage	Colorado Energy Consumers
Pennsylvania Public Utility Commission	City of Lancaster - Water Department	R-2021-3026682	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 51802	Depreciation rates, service lives, net salvage	The Alliance of Xcel Municipalities

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Pennsylvania Public Utility Commission	The Borough of Hanover - Hanover Municipal Waterworks	R-2021-3026116	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Delmarva Power & Light Company	9670	Cost of capital and authorized rate of return	Maryland Office of People's Counsel
Oklahoma Corporation Commission	Oklahoma Natural Gas Company	PUD 202100063	Cost of capital, awarded rate of return, capital structure	Oklahoma Industrial Energy Consumers
Indiana Utility Regulatory Commission	Indiana Michigan Power Company	45576	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utility Commission of Texas	El Paso Electric Company	PUC 52195	Depreciation rates, service lives, net salvage	The City of El Paso
Pennsylvania Public Utility Commission	Aqua Pennsylvania	R-2021-3027385	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Public Service Commission of the State of Montana	NorthWestern Energy	D2021.02.022	Cost of capital, awarded rate of return, capital structure	Montana Consumer Counsel
Pennsylvania Public Utility Commission	PECO Energy Company	R-2021-3024601	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
New Mexico Public Regulation Commission	Southwestern Public Service Company	20-00238-UT	Cost of capital and authorized rate of return	The New Mexico Large Customer Group; Occidental Permian
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 202100055	Cost of capital, depreciation rates, net salvage	Oklahoma Industrial Energy Consumers
Pennsylvania Public Utility Commission	Duquesne Light Company	R-2021-3024750	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Maryland Public Service Commission	Columbia Gas of Maryland	9664	Cost of capital and authorized rate of return	Maryland Office of People's Counsel
Indiana Utility Regulatory Commission	Southern Indiana Gas Company, d/b/a Vectren Energy Delivery of Indiana, Inc.	45447	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utility Commission of Texas	Southwestern Electric Power Company	PUC 51415	Depreciation rates, service lives, net salvage	Cities Advocating Reasonable Deregulation
New Mexico Public Regulatory Commission	Avangrid, Inc., Avangrid Networks, Inc., NM Green Holdings, Inc., PNM, and PNM Resources	20-00222-UT	Ring fencing and capital structure	The Albuquerque Bernalillo County Water Utility Authority

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Indiana Utility Regulatory Commission	Indiana Gas Company, d/b/a Vectren Energy Delivery of Indiana, Inc.	45468	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utilities Commission of Nevada	Nevada Power Company and Sierra Pacific Power Company, d/b/a NV Energy	20-07023	Construction work in progress	MGM Resorts International, Caesars Enterprise Services, LLC, and the Southern Nevada Water Authority
Massachusetts Department of Public Utilities	Boston Gas Company, d/b/a National Grid	D.P.U. 20-120	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Public Service Commission of the State of Montana	ABACO Energy Services, LLC	D2020.07.082	Cost of capital and authorized rate of return	Montana Consumer Counsel
Maryland Public Service Commission	Washington Gas Light Company	9651	Cost of capital and authorized rate of return	Maryland Office of People's Counsel
Florida Public Service Commission	Utilities, Inc. of Florida	20200139-WS	Cost of capital and authorized rate of return	Florida Office of Public Counsel
New Mexico Public Regulatory Commission	El Paso Electric Company	20-00104-UT	Cost of capital, depreciation rates, net salvage	City of Las Cruces and Doña Ana County
Public Utilities Commission of Nevada	Nevada Power Company	20-06003	Cost of capital, awarded rate of return, capital structure, earnings sharing	MGM Resorts International, Caesars Enterprise Services, LLC, Wynn Las Vegas, LLC, Smart Energy Alliance, and Circus Circus Las Vegas, LLC
Wyoming Public Service Commission	Rocky Mountain Power	20000-578-ER-20	Cost of capital and authorized rate of return	Wyoming Industrial Energy Consumers
Florida Public Service Commission	Peoples Gas System	20200051-GU 20200166-GU	Cost of capital, depreciation rates, net salvage	Florida Office of Public Counsel
Wyoming Public Service Commission	Rocky Mountain Power	20000-539-EA-18	Depreciation rates, service lives, net salvage	Wyoming Industrial Energy Consumers
Public Service Commission of South Carolina	Dominion Energy South Carolina	2020-125-E	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Pennsylvania Public Utility Commission	The City of Bethlehem	2020-3020256	Cost of capital, awarded rate of return, capital structure	Pennsylvania Office of Consumer Advocate
Railroad Commission of Texas	Texas Gas Services Company	GUD 10928	Depreciation rates, service lives, net salvage	Gulf Coast Service Area Steering Committee
Public Utilities Commission of the State of California	Southern California Edison	A.19-08-013	Depreciation rates, service lives, net salvage	The Utility Reform Network

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Massachusetts Department of Public Utilities	NSTAR Gas Company	D.P.U. 19-120	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Georgia Public Service Commission	Liberty Utilities (Peach State Natural Gas)	42959	Depreciation rates, service lives, net salvage	Public Interest Advocacy Staff
Florida Public Service Commission	Florida Public Utilities Company	20190155-El 20190156-El 20190174-El	Depreciation rates, service lives, net salvage	Florida Office of Public Counsel
Illinois Commerce Commission	Commonwealth Edison Company	20-0393	Depreciation rates, service lives, net salvage	The Office of the Illinois Attorney General
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 49831	Depreciation rates, service lives, net salvage	Alliance of Xcel Municipalities
Public Service Commission of South Carolina	Blue Granite Water Company	2019-290-WS	Depreciation rates, service lives, net salvage	South Carolina Office of Regulatory Staff
Railroad Commission of Texas	CenterPoint Energy Resources	GUD 10920	Depreciation rates and grouping procedure	Alliance of CenterPoint Municipalities
Pennsylvania Public Utility Commission	Aqua Pennsylvania Wastewater / East Norriton Township	A-2019-3009052	Fair market value estimates for wastewater assets	Pennsylvania Office of Consumer Advocate
New Mexico Public Regulation Commission	Southwestern Public Service Company	19-00170-UT	Cost of capital and authorized rate of return	The New Mexico Large Customer Group; Occidental Permian
Indiana Utility Regulatory Commission	Duke Energy Indiana	45253	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor
Maryland Public Service Commission	Columbia Gas of Maryland	9609	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Washington Utilities & Transportation Commission	Avista Corporation	UE-190334	Cost of capital, awarded rate of return, capital structure	Washington Office of Attorney General
Indiana Utility Regulatory Commission	Indiana Michigan Power Company	45235	Cost of capital, depreciation rates, net salvage	Indiana Office of Utility Consumer Counselor
Public Utilities Commission of the State of California	Pacific Gas & Electric Company	18-12-009	Depreciation rates, service lives, net salvage	The Utility Reform Network
Oklahoma Corporation Commission	The Empire District Electric Company	PUD 201800133	Cost of capital, authorized ROE, depreciation rates	Oklahoma Industrial Energy Consumers and Oklahoma Energy Results

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Arkansas Public Service Commission	Southwestern Electric Power Company	19-008-U	Cost of capital, depreciation rates, net salvage	Western Arkansas Large Energy Consumers
Public Utility Commission of Texas	CenterPoint Energy Houston Electric	PUC 49421	Depreciation rates, service lives, net salvage	Texas Coast Utilities Coalition
Massachusetts Department of Public Utilities	Massachusetts Electric Company and Nantucket Electric Company	D.P.U. 18-150	Depreciation rates, service lives, net salvage	Massachusetts Office of the Attorney General, Office of Ratepayer Advocacy
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 201800140	Cost of capital, authorized ROE, depreciation rates	Oklahoma Industrial Energy Consumers and Oklahoma Energy Results
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	D2018.9.60	Depreciation rates, service lives, net salvage	Montana Consumer Counsel and Denbury Onshore
Indiana Utility Regulatory Commission	Northern Indiana Public Service Company	45159	Depreciation rates, grouping procedure, demolition costs	Indiana Office of Utility Consumer Counselor
Public Service Commission of the State of Montana	NorthWestern Energy	D2018.2.12	Depreciation rates, service lives, net salvage	Montana Consumer Counsel
Oklahoma Corporation Commission	Public Service Company of Oklahoma	PUD 201800097	Depreciation rates, service lives, net salvage	Oklahoma Industrial Energy Consumers and Wal-Mart
Nevada Public Utilities Commission	Southwest Gas Corporation	18-05031	Depreciation rates, service lives, net salvage	Nevada Bureau of Consumer Protection
Public Utility Commission of Texas	Texas-New Mexico Power Company	PUC 48401	Depreciation rates, service lives, net salvage	Alliance of Texas-New Mexico Power Municipalities
Oklahoma Corporation Commission	Oklahoma Gas & Electric Company	PUD 201700496	Depreciation rates, service lives, net salvage	Oklahoma Industrial Energy Consumers and Oklahoma Energy Results
Maryland Public Service Commission	Washington Gas Light Company	9481	Depreciation rates, service lives, net salvage	Maryland Office of People's Counsel
Indiana Utility Regulatory Commission	Citizens Energy Group	45039	Depreciation rates, service lives, net salvage	Indiana Office of Utility Consumer Counselor
Public Utility Commission of Texas	Entergy Texas, Inc.	PUC 48371	Depreciation rates, decommissioning costs	Texas Municipal Group
Washington Utilities & Transportation Commission	Avista Corporation	UE-180167	Depreciation rates, service lives, net salvage	Washington Office of Attorney General

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
New Mexico Public Regulation Commission	Southwestern Public Service Company	17-00255-UT	Cost of capital and authorized rate of return	HollyFrontier Navajo Refining; Occidental Permian
Public Utility Commission of Texas	Southwestern Public Service Company	PUC 47527	Depreciation rates, plant service lives	Alliance of Xcel Municipalities
Public Service Commission of the State of Montana	Montana-Dakota Utilities Company	D2017.9.79	Depreciation rates, service lives, net salvage	Montana Consumer Counsel
Florida Public Service Commission	Florida City Gas	20170179-GU	Cost of capital, depreciation rates	Florida Office of Public Counsel
Washington Utilities & Transportation Commission	Avista Corporation	UE-170485	Cost of capital and authorized rate of return	Washington Office of Attorney General
Wyoming Public Service Commission	Powder River Energy Corporation	10014-182-CA-17	Credit analysis, cost of capital	Private customer
Oklahoma Corporation Commission	Public Service Co. of Oklahoma	PUD 201700151	Depreciation, terminal salvage, risk analysis	Oklahoma Industrial Energy Consumers
Public Utility Commission of Texas	Oncor Electric Delivery Company	PUC 46957	Depreciation rates, simulated analysis	Alliance of Oncor Cities
Nevada Public Utilities Commission	Nevada Power Company	17-06004	Depreciation rates, service lives, net salvage	Nevada Bureau of Consumer Protection
Public Utility Commission of Texas	El Paso Electric Company	PUC 46831	Depreciation rates, interim retirements	City of El Paso
Idaho Public Utilities Commission	Idaho Power Company	IPC-E-16-24	Accelerated depreciation of North Valmy plant	Micron Technology, Inc.
Idaho Public Utilities Commission	Idaho Power Company	IPC-E-16-23	Depreciation rates, service lives, net salvage	Micron Technology, Inc.
Public Utility Commission of Texas	Southwestern Electric Power Company	PUC 46449	Depreciation rates, decommissioning costs	Cities Advocating Reasonable Deregulation
Massachusetts Department of Public Utilities	Eversource Energy	D.P.U. 17-05	Cost of capital, capital structure, and rate of return	Sunrun Inc.; Energy Freedom Coalition of America
Railroad Commission of Texas	Atmos Pipeline - Texas	GUD 10580	Depreciation rates, grouping procedure	City of Dallas

Utility Regulatory Proceedings

Regulatory Agency	Utility Applicant	Docket Number	Issues Addressed	Parties Represented
Public Utility Commission of Texas	Sharyland Utility Company	PUC 45414	Depreciation rates, simulated analysis	City of Mission
Oklahoma Corporation Commission	Empire District Electric Company	PUD 201600468	Cost of capital, depreciation rates	Oklahoma Industrial Energy Consumers
Railroad Commission of Texas	CenterPoint Energy Texas Gas	GUD 10567	Depreciation rates, simulated plant analysis	Texas Coast Utilities Coalition
Arkansas Public Service Commission	Oklahoma Gas & Electric Company	160-159-GU	Cost of capital, depreciation rates, terminal salvage	Arkansas River Valley Energy Consumers; Wal-Mart
Florida Public Service Commission	Peoples Gas	160-159-GU	Depreciation rates, service lives, net salvage	Florida Office of Public Counsel
Arizona Corporation Commission	Arizona Public Service Company	E-01345A-16-0036	Cost of capital, depreciation rates, terminal salvage	Energy Freedom Coalition of America
Nevada Public Utilities Commission	Sierra Pacific Power Company	16-06008	Depreciation rates, net salvage, theoretical reserve	Northern Nevada Utility Customers
Oklahoma Corporation Commission	Oklahoma Gas & Electric Co.	PUD 201500273	Cost of capital, depreciation rates, terminal salvage	Public Utility Division
Oklahoma Corporation Commission	Public Service Co. of Oklahoma	PUD 201500208	Cost of capital, depreciation rates, terminal salvage	Public Utility Division
Oklahoma Corporation Commission	Oklahoma Natural Gas Company	PUD 201500213	Cost of capital, depreciation rates, net salvage	Public Utility Division

FMV Adjustment Summary

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Gannett Fleming Results and Adjustments							
Approach	Base Value	Weight	Weighted Value	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ 30,233,575	33.3%	$ 10,077,858	$ (2,181,889)	$ 28,051,686	33.3%	$ 9,350,562
Cost	53,547,750	33.3%	17,849,250	(30,687,063)	22,860,688	33.3%	7,620,229
Income	38,576,359	33.3%	12,858,786	(8,380,169)	30,196,190	33.3%	10,065,397
Total		100.0%	$ 40,785,895	**Total**		100.0%	$ 27,036,188
WADS Results and Adjustments							
Approach	Base Value	Weight	Weighted Value	OCA Adjustment	Adjusted Value	OCA Weight	OCA Weighted Value
Market	$ 38,432,673	33.3%	$ 12,810,891	$ (10,380,987)	$ 28,051,686	33.3%	$ 9,350,562
Cost	38,688,712	33.3%	12,896,237	(15,828,025)	22,860,688	33.3%	7,620,229
Income	38,944,750	33.3%	12,981,583	(8,748,560)	30,196,190	33.3%	10,065,397
Total		100.0%	$ 38,688,712	**Total**		100.0%	$ 27,036,188

Results Summary

	Appraiser Weighted Value	OCA Adjusted Value
Gannett Fleming	$ 40,785,895	$ 27,036,188
WADS Consultants	38,688,712	27,036,188
Average	$ 39,737,303	$ 27,036,188
Purchase Price	$ 32,800,000	$ 32,800,000
Lesser of Purchase Price and Market Value	**$ 32,800,000**	**$ 27,036,188**

[1] Valuation apprach
[2] Appraised value
[3] Applied weighting
[4] = [2] * [3];
[5] = [6] - [2]
[6] OCA adjusted value
[7] Applied weighting
[8] = [6] * [7]

Market Approach Valuation Adjustment

Exhibit DJG-3

Company	Ticker	Market Capitalization	Long-Term Debt	Cash Equivalents	Enterprise Value	Net Plant	EV / NP Ratio
American States Water Co	AWR	$ 2,900	$ 783	$ 19	$ 3,664	$ 2,296	1.6
American Water Works Co Inc	AWK	26,500	15,847	119	42,228	30,576	1.4
California Water Service Gp	CWT	2,700	1,472	52	4,120	4,580	0.9
Essential Utilities, Inc.	WTRG	11,300	8,132	35	19,397	14,290	1.4
Middlesex Water Co	MSEX	950	391	3	1,338	1,162	1.2
H2O America	HTO	2,000	1,867	21	3,846	3,923	1.0
York Water Co	YORW	475	222	-	697	570	1.2
Average		$ 6,689	$ 4,102	$ 35	$ 10,756	$ 8,200	1.2
Indian Creek Net Plant		$ 22,860,688					
Indian Creek Indicated Value		**$ 28,051,686**					

All dollar figures in millions from Value Line for latest reporting period available

Enterprise value = market capitalization + long-term debt - cash equivalents

Indicated system valuation = net plant x average EV / NP ratio

Cost Approach Adjustment Summary

Exhibit DJG-4

Gannett Flemming OCNLD Estimate		WADS OCLD Estimate	
Description	Original Cost	Description	Original Cost
Original Cost New	$ 33,029,748	Original Cost	$ 33,029,748
Accumulated Depreciation	$ 10,219,932	Accumulated Depreciation	$ 10,118,189
OCNLD	**$ 22,809,816**	**OCNLD**	**$ 22,911,559**
AVERAGE RESULT	**$ 22,860,688**		

Income Approach Adjustment Summary

Annual Cash Flow	$	573,689	[1]
Constant Growth Rate		3.80%	[2]
Discount Rate		5.77%	[3]
Adjusted Value	**$**	**30,196,190**	[4]

[1] From OCA Exhibit DJG-6
[2] From OCA Exhibit DJG-8
[3] From OCA Exhibit DJG-7
[4] = [1] * (1+[2]) / ([3] - [2])

Annual Free Cash Flow Calculation

	Year 2
Operating Revenues	$ 4,940,524
EBIT	2,243,993
Tax (21%)	471,239
EBIT (1-t)	1,772,755
Depreciation	600,934
Capital Expenditures	1,800,000
Free Cash Flow from Operations	**$ 573,689**

Exhibit Q, Gannett Fleming Appraisal, Exh. 14, p. 1.

Weighted Cost of Capital Calculation

Capital Component	Proposed Ratio	Cost Rate	After-Tax Rate	Weighted Cost
Long Term Debt	49%	3.4%	2.7%	1.33%
Equity	51%	8.7%	8.7%	4.45%
Total	100%			5.77%

Cost of Equity Estimate

Company	Ticker	[1] Stock Price ($)	[2] Dividend ($)	[3] Beta	[4] Debt Ratio	[5] Interest Exp. ($mill)	[6] Long-Term Debt ($mill)	[7] Debt Cost	[8] DCF Result	[9] CAPM Result
American States Water Co	AWR	76.76	2.02	0.75	43%	40.0	782.7	5.1%	6.5%	8.7%
American Water Works Co Inc	AWK	130.74	3.58	0.80	54%	500.0	15,847.0	3.2%	6.6%	8.9%
California Water Service Gp	CWT	44.68	1.20	0.75	47%	40.0	1,472.0	2.7%	6.6%	8.7%
Essential Utilities, Inc.	WTRG	38.82	1.33	0.80	54%	300.0	8,131.8	3.7%	7.4%	8.9%
Middlesex Water Co	MSEX	52.11	1.42	0.80	44%	7.5	390.7	1.9%	6.6%	8.9%
H2O America	HTO	58.07	1.76	0.75	55%	50.0	1,866.8	2.7%	6.9%	8.7%
York Water Co	YORW	30.20	0.91	0.70	48%	10.3	221.9	4.6%	6.9%	8.4%
Average		61.62	1.75	0.76	49%	135.4	4,101.8	3.4%	6.8%	8.7%

Terminal Growth Rate (DCF)	**3.8%**	[10]
Risk-Free Rate (CAPM)	**4.9%**	[11]
Equity Risk Premium (CAPM)	**5.0%**	[12]
Cost of Equity Estimate	**8.7%**	[13]

[1] Average stock prices from OCA Exhibit DJG-9
[2] Yahoo! Finance forward dividend (Value Line year end dividend if not reported by Yahoo Finance)
[3], [4], [5], [6] Value Line Investment Survey
[7] = [5] / [6]
[8] Constant annaul growth DCF model = [2] * (1 + [10]) / [1] + [10]
[9] = [11] + [3] * [12]
[10] Growth rate from OCA Exhibit DJG-10
[11] Risk-free rate from OCA Exhibit DJG-11
[12] Equity risk premium from OCA Exhibit DJG-13
[13] Cost of equity estimate based on modeling results and judgment

DCF Stock and Index Prices

Ticker	^GSPC	AWR	AWK	CWT	WTRG	MSEX	HTO	YORW
30-day Average	7072	76.76	130.74	44.68	38.82	52.11	58.07	30.20
Standard Deviation	257.5	1.52	4.15	1.52	1.15	1.37	1.16	1.01
04/01/26	6575	75.67	135.82	45.16	40.27	52.32	58.00	30.97
04/02/26	6583	77.07	137.16	45.89	40.70	53.43	58.73	31.29
04/06/26	6612	76.28	136.93	45.32	40.52	52.43	58.32	31.15
04/07/26	6617	76.38	134.41	45.36	40.10	52.78	58.32	31.46
04/08/26	6783	76.58	135.39	45.42	39.95	53.28	57.76	31.60
04/09/26	6825	78.73	138.26	46.72	40.69	55.09	59.41	32.32
04/10/26	6817	78.94	136.25	46.58	40.29	55.46	59.22	32.28
04/13/26	6886	74.94	133.46	44.76	39.23	51.59	57.77	31.39
04/14/26	6967	75.36	132.44	44.78	39.11	51.50	57.66	31.45
04/15/26	7023	74.78	129.38	44.34	38.23	50.24	57.78	30.84
04/16/26	7041	75.01	129.77	44.46	38.37	50.28	58.97	30.16
04/17/26	7126	75.41	130.68	44.61	38.64	50.95	57.61	30.08
04/20/26	7109	78.20	132.30	46.49	39.43	53.35	59.70	30.25
04/21/26	7064	77.31	131.11	45.84	38.84	52.48	58.85	29.85
04/22/26	7138	77.87	130.20	46.15	38.60	53.11	59.58	29.58
04/23/26	7108	80.26	134.01	47.15	39.96	53.95	60.84	30.18
04/24/26	7165	78.88	131.48	46.02	39.16	53.13	59.27	29.55
04/27/26	7174	78.79	131.02	46.07	39.05	52.81	59.11	29.74
04/28/26	7139	78.93	131.73	46.17	39.27	53.07	58.81	29.74
04/29/26	7136	77.35	131.03	45.03	39.13	51.63	57.23	29.10
04/30/26	7209	74.79	127.51	41.91	37.85	50.53	55.76	29.02
05/01/26	7230	74.71	126.48	42.03	37.68	50.58	56.30	29.15
05/04/26	7201	75.56	125.95	42.72	37.60	50.91	56.88	29.14
05/05/26	7259	75.69	125.15	42.71	37.15	50.58	57.54	29.11
05/06/26	7365	75.34	124.79	42.70	37.20	50.80	57.16	29.01
05/07/26	7337	76.33	125.30	43.28	37.36	51.05	56.73	29.18
05/08/26	7399	76.69	124.16	43.14	37.13	51.20	57.53	29.62
05/11/26	7413	76.64	125.12	42.88	37.23	51.47	57.39	29.56
05/12/26	7401	77.17	127.65	43.44	37.98	51.57	57.26	29.58
05/13/26	7444	77.01	127.37	43.31	37.90	51.67	56.52	29.55

All prices are adjusted closing prices reported by Yahoo! Finance, http://finance.yahoo.com

DCF Sustainable Growth Rate Determinants

DCF Growth Rate Indicators	Rate
Nominal GDP	3.8%
Real GDP	1.6%
Highest	**3.8%**

CBO, The 2026 Long-Term Budget Outloo (nominal annual GDP growth)

CAPM Risk-Free Rate

Date	Rate
05/13/26	5.03
05/12/26	5.03
05/11/26	4.98
05/08/26	4.95
05/07/26	4.97
05/06/26	4.94
05/05/26	4.98
05/04/26	5.02
05/01/26	4.97
04/30/26	4.98
04/29/26	4.98
04/28/26	4.94
04/27/26	4.94
04/24/26	4.91
04/23/26	4.92
04/22/26	4.90
04/21/26	4.89
04/20/26	4.88
04/17/26	4.88
04/16/26	4.93
04/15/26	4.89
04/14/26	4.87
04/13/26	4.90
04/10/26	4.91
04/09/26	4.90
04/08/26	4.89
04/07/26	4.90
04/06/26	4.89
04/03/26	4.91
04/02/26	4.88
Average	**4.93%**

*Daily Treasury Yield Curve Rates on 30-year T-bonds, http://www.treasury.gov/resources-center/data-chart-center/interest-rates/

CAPM Implied ERP Estimate

Year	[1] Market Value	[2] Operating Earnings	[3] Dividends	[4] Buybacks	[5] Earnings Yield	[6] Dividend Yield	[7] Buyback Yield	[8] Gross Cash Yield
2014	18,245	1,004	350	553	5.50%	1.92%	3.03%	4.95%
2015	17,900	885	382	572	4.95%	2.14%	3.20%	5.33%
2016	19,268	920	397	536	4.77%	2.06%	2.78%	4.85%
2017	22,821	1,066	420	519	4.67%	1.84%	2.28%	4.12%
2018	21,027	1,282	456	806	6.10%	2.17%	3.84%	6.01%
2019	26,760	1,305	485	729	4.88%	1.81%	2.72%	4.54%
2020	31,659	1,019	480	520	3.22%	1.52%	1.64%	3.16%
2021	40,356	1,739	511	882	4.31%	1.27%	2.18%	3.45%
2022	32,133	1,656	565	923	5.15%	1.76%	2.87%	4.63%
2023	36,870	1,790	588	795	4.85%	1.60%	2.16%	3.75%
2024	49,805	1,968	630	943	3.95%	1.26%	1.89%	3.16%

Cash Yield	4.36%	[9]
Growth Rate	6.96%	[10]
Risk-free Rate	4.93%	[11]
Current Index Value	7,072	[12]

Year	[13] 1	[14] 2	[15] 3	[16] 4	[17] 5
Expected Dividends	330	353	377	403	431
Expected Terminal Value					8892
Present Value	300	291	283	275	5783

Intrinsic Index Value	6932	[18]
Required Return on Market	10.0%	[19]
Implied Equity Risk Premium	**5.1%**	[20]

[1-4] S&P Quarterly Press Releases, data found at https://us.spindices.com/indices/equity/sp-500 (additional info tab) (all dollar figures are in $ billions)
[1] Market value of S&P 500
[5] = [2] / [1]
[6] = [3] / [1]
[7] = [4] / [1]
[8] = [6] + [7]
[9] = Average of [8]
[10] = Compund annual growth rate of [2] = (end value / beginning value)^ $^{1/10}$-1
[11] Risk-free rate from DJG risk-free rate exhibit
[12] 30-day average of closing index prices from DJG stock price exhibit
[13-16] Expected dividends = [9]*[12]*(1+[10])^{n} ; Present value = expected dividend / (1+[11]+[19])^{n}
[17] Expected terminal value = expected dividend * (1+[11]) / [19] ; Present value = (expected dividend + expected terminal value) / (1+[11]+[19])^{n}
[18] = Sum([13-17]) present values.
[19] = [20] + [11]
[20] Internal rate of return calculation setting [18] equal to [12] and solving for the discount rate

CAPM ERP Results

IESE Business School Survey	5.3%	[1]
Kroll (Duff & Phelps) Report	5.0%	[2]
Damodaran (highest)	4.6%	[3]
Garrett	5.1%	[4]
Average	**5.0%**	

[1] IESE Business School Survey 2026
[2] Kroll (Duff & Phelps), 6-8-2024
[3] http://pages.stern.nyu.edu/~adamodar/ , 5-1-2026
[4] ERP estimation from Exhibit DJG-12

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. A-2025- 3055741
	:	
Pennsylvania-American Water Company	:	
	:	

VERIFICATION

I, David J. Garrett, hereby state that the facts above set forth in my Direct Testimony, OCA Statement No. 2, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: June 1, 2026 Signature: */s/David Garrett*

David J. Garrett

Address: 101 Park Avenue
Suite 1125
Oklahoma City, OK 73120

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741, et al.

SURREBUTTAL TESTIMONY
OF
DAVID J. GARRETT

ON BEHALF OF
THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

June 15, 2026

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IV. INCOME APPROACH 5

I. INTRODUCTION

Q. State your name and occupation.

A. My name is David J. Garrett. I am a consultant specializing in public utility regulation. I am the managing member of Resolve Utility Consulting, PLLC. My business address is 5000 Carrington Pl., Oklahoma City, Oklahoma 73131.

Q. Have you previously filed testimony in this proceeding?

A. Yes. I provided direct testimony in OCA Statement 1 on June 1, 2026, on behalf of the Pennsylvania Office of Consumer Advocate (OCA). A summary of my qualifications is included in my direct testimony. My direct testimony addressed the fair market value (FMV) appraisals included in the application filed by Pennsylvania American Water Company (PAWC or the Company) for the acquisition of the water system assets owned by the Indian Creek Valley Water Authority (ICVWA).

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony responds to the rebuttal testimonies of Harold Walker, III of Gannett Fleming, who sponsors the FMV appraisal commissioned by ICVWA, and the testimony of Jerome C. Weinert, of WADS Consultants, who sponsors the appraisal commissioned by PAWC.

Q. Did any of the arguments raised by Mr. Walker or Mr. Weinert in their rebuttal testimonies persuade you to change your opinions as stated in your direct testimony?

A. No. In addition, to the extent I do not address a particular statement or position raised in the rebuttal testimonies does not constitute my agreement with the same.

II. MARKET APPROACH

Q. Please summarize Mr. Walker's rebuttal testimony regarding your proposed adjustments to his Market Approach valuation.

A. Mr. Walker disagrees with my adjustments to his selected transactions method as part of his Market Approach. Mr. Walker claims I used an incorrect value for the original cost new less depreciation (OCNLD) figure in my Market Approach adjustment. He also criticizes my approach, which considers the enterprise values (EV) of the proxy group to estimate the value of the ICVWA system.

Q. What is your response to Mr. Walker regarding these issues?

A. First, I used the average of Mr. Walker and Mr. Weinert's OCNLD figures in my Market Approach Adjustment. Second, my EV calculation should not be controversial; EV is equal to market capitalization plus total debt less cash equivalents. Applying this formula to the proxy group companies along with their net plant figures results in an average EV / net plant ratio of 1.2 for the proxy group. Applying that ratio to ICVWA's net plant (NP) indicates an enterprise value of $28.1 million for the ICVWA system.

Q. Do you agree with Mr. Walker's assertions that it is inappropriate for your EV/NP calculation to include "cost free capital"?

A. No. Again, I correctly applied the EV formula. This indicates valuations for each of the proxy companies, which can be applied to the ICVWA system using the EV/NP ratio.

Q. Mr. Walker also suggests you applied a different type market approach in the Elizabeth Borough case. Do you agree?

A. Yes. However, I applied the market approach adjustments in the same manner in this case as in the Greenville water case (Docket No. A-2024-3049015). Furthermore, regarding Mr. Walker's claims did not reflect the water system's characteristics of value or marketplace conditions, I would argue that analyzing the proxy group provides a better reflection of these factors. This is because 1329 transactions are not market based in the same manner that the publicly traded proxy companies are.

Q. Please summarize Mr. Weinert's rebuttal testimony regarding your proposed adjustments to his Market Approach valuation.

A. Mr. Weinert also disagrees with my application of the market approach. Mr. Walker argues that I should have considered Pennsylvania specific transactions as part of my market approach.

Q. What is your response to Mr. Weinert in this issue?

A. Unlike the companies in the proxy group, which have a pure market value, 1329 transactions are not market-based in the same manner. That is, there is no natural or market-based incentive driving the negotiated purchase price and ultimate price adopted by the Commission. The very existence of Section 1329 verifies this fact. That is, if the transactions were purely market-based, then there would be no need for a regulatory process to ultimately determine the price. Furthermore, the ultimate approved price (i.e, the approved rate base amount), is often the result of a settlement, which is another non-market factor. While the Commission might want to consider the results of prior Section

1329 transactions in their decision, I do not think it is ideal to insert this data into a model that is purportedly designed to indicate a market price.

III. COST APPROACH

Q. Please summarize the UVEs rebuttal testimony regarding your proposed adjustments to the Cost Approach valuation.

A. Both Mr. Walker and Mr. Weinert disagree with my Cost Approach adjustment, in which I considered the OCNLD estimated by the UVEs as an indication of value for the ICVWA system, particularly as it pertains to PAWC's ultimate rate base amount. Mr. Walker asserts that this approach is not reasonable and has been previously rejected by the Commission. Mr. Weinert asserts that in a previous case I did not oppose his Cost Approach valuation, and that my adjustment in this case understates the value of the ICVWA system.

Q. What is your response to the UVEs regarding their Cost Approach rebuttals.

A. I stand by the arguments raised in my direct testimony that the Commission should consider the OCNLD as a valid factor in assessing an overall, reasonable rate base valuation for the system. The OCNLD for the ICVWA system is the closest metric for estimating its "rate base." If the transaction at issue involved a completely independent, non-regulated buyer, then the UVEs' arguments on this issue would make more sense. However, it is reasonable for the Commission to consider the fact that the approved purchase price in this transaction will also be the approved ratemaking rate base for PAWC.

IV. INCOME APPROACH

Q. Do you agree with Mr. Walker's criticisms of your use of a constant growth DCF Model in your income approach adjustment?

A. No. When using the DCF Model for mature, low-growth firms such as utility companies, whether in cost of equity derivations or valuation estimates, it is reasonable to assume a constant growth rate based on the cash-flow or dividends from the current period. In contrast, younger firms with high growth opportunities may require the use of varying cash flows and growth rates over different periods. The vast majority of DCF Models used to estimate cost of equity in utility rate proceedings are some variation of a constant-growth DCF Model, consistent with the DCF Model I used in this case. In rate proceedings in which I have responded to Mr. Walker's cost of capital testimony, he has used constant growth DCF Models, including cases before this Commission.[1] In those cases, we were not assuming different, individual amounts of cash flows (or dividends) in future years (other than growing each year by a constant growth rate). In contrast, Mr. Walker states in this case that he does not believe it is appropriate to use the cash flow from a single year in the DCF Model as it relates to the income approach valuation. I am not suggesting it is necessarily wrong to assume different levels of cash flow or growth rates in different periods in a DCF Model; however, I believe it is not necessary in this case. This is because utilities are in their mature growth stage. They are not young companies with relatively high opportunities for growth. Furthermore, estimating multiple, individual years of cash

[1] *See e.g.* Docket No. R-2020-3020256 (City of Bethlehem)

flow based on projected income statements allows for dozens of opportunities for unreasonable and inaccurate projections of various financial metrics. For example, Mr. Walker's model includes specific dollar estimates for operating revenues, operating expenses, depreciation expense, and other financial metrics in the year 2045. This practice is unnecessary in comparison with a reasonable application of the constant growth DCF Model. For these reasons, using a constant growth DCF Model based on more current (i.e., the present or near future) is a reasonable approach.

Q. Mr. Walker also criticizes your discount rate and capital structure estimates. Do you agree with his testimony?

A. No. Mr. Walker states that my discount rate should "be based on a municipality's discount rate, not an investor-owned discount rate."[2] Such an approach, however, is inconsistent with the use of an investor-owned proxy group for other inputs to the cost of equity and DCF Models. Furthermore, it is not practical to estimate the required return on equity of a municipality for valuation purposes because such a low cost of equity (due to very low risk) would only exist for the entity as a municipality. In other words, some amount of consideration should be given to the fact that the nature of the entity will change once it ceases to be a municipality (i.e., it will have higher risk). Furthermore, it would be inconsistent to use only some elements of the investor-owned proxy group, which include using entity-specific elements and inputs that are unique to a municipality, such as a 100% debt ratio. Several of the key inputs taken from the proxy group, such as the beta term used

[2] Rebuttal Testimony of Harold Walker, III, p. 21, lines 6-7.

to assess a firm's susceptibility to market risk, are necessarily connected with other financial characteristics of those firms, such as capital structure and the cost of debt. For example, it would be highly unlikely to observe a firm with a beta of less than 1.0 and a debt ratio of 100%. To be consistent, I used the proxy group to gather all of these required inputs to the CAPM and DCF Models.

Q. Mr. Walker also criticizes your approach as a "capitalization of earnings." Do you have a response?

A. Yes. Mr. Walker appears to be referring to the fact that my adjustment to his income approach valuation involves discounting projected cash flows (free cash flow from operations) based on one year of known data, rather than attempting to project up to 20 years of cash flow data based on new ownership, as is contemplated under Mr. Walker's approach. In my view, the value of an asset is primarily based on its present value. I am not suggesting that projecting future cash flows should entirely ignore future ownership, however, the various and numerous assumptions Mr. Walker has made in his discounted cash flow model indicate a much different (and higher) value than if the analysis is based on a reasonable projected growth (and discount) of known cash flow metrics under current ownership. If, for example, a real estate investor were looking to buy a house to rehab and rent, the investor would still use present cash flow metrics when estimating the FMV, rather than the higher cash flow she might project once the rehab is complete. Future ownership can impact value, but the FMV of an asset is primarily driven by present value. In my opinion, the Commission should place a greater weight on the data we know about cash flow, rather than Mr. Walker's projected data.

Q. Do you have a response to Mr. Weinert's criticism of your income approach adjustment?

A. Yes. Mr. Weinert makes similar criticisms as Mr. Walker did to my income approach adjustments. In that regard, my response to his testimony would be the same.

Q. Does this conclude your surrebuttal testimony?

A. Yes.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

Direct Testimony
of
LeeAnn Wise

On Behalf of
The Pennsylvania Office of Consumer Advocate

Date Served: June 1, 2026

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I. Introduction

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is LeeAnn Wise. My business address is 555 Walnut Street, Forum Place, 5th Floor, Harrisburg, Pennsylvania 17101. I am currently employed as a Senior Regulatory Analyst by the Pennsylvania Office of Consumer Advocate (OCA).

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND QUALIFICATIONS TO PROVIDE TESTIMONY IN THIS CASE.

A. I have a Master's degree in Business Administration from Shippensburg University and a Bachelor's degree in Professional Accountancy from the University of Pennsylvania. I also attended Michigan State University's Institute of Public Utilities online rate school program. I have attached my CV as Exhibit LMW-1.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the OCA.

Q. DO YOU HAVE ANY EXHIBITS THAT YOU WILL BE PRESENTING WITH YOUR TESTIMONY?

A. Yes. Attached as follows: LMW-1 Qualification, LMW-2 Loan Amortization Schedule, LMW-3 Capital Improvement Plan, LMW-4 DEP Violations, LMW-5-Water Supply Inspection Report, LMW-6 Authority Usage Report, LMW-7 OCA 4-1 Attachment.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my Direct Testimony is to provide my recommendations regarding the Application and supporting documents submitted by Pennsylvania-American Water Company (Company or PAWC) for the acquisition of the assets, properties and rights related to the water collection and treatment system (Assets) of the Indian Creek Valley Water Authority (Authority). I provide an analysis of whether the acquisition, if approved by the Pennsylvania Public Utility Commission (Commission), would provide substantial affirmative public benefits. Ultimately, I conclude that there is insufficient evidence of an affirmative public benefit that would result from this transaction and, as such, the Commission should deny the Application. Alternatively, if the Commission considers approving the Application, it should only do so by imposing the recommendations that I outline below in addition to approving the adjustments recommended by OCA witness David Garrett.

Q. PLEASE DESCRIBE THE GENERAL NATURE OF PAWC'S APPLICATION.

A. PAWC is seeking the approval to acquire the Assets of Indian Creek Valley Water Authority's water collection and treatment system at a purchase price of $32,800,000.[1]

Q. DOES THE OCA RECOMMEND ADJUSTMENTS TO THE UTILITY VALUATION ENGINEER APPRAISALS?

A. Yes. The OCA has reviewed the Utility Valuation Engineer (UVE)appraisal. OCA witness, Mr. David Garrett, places the fair market value of the system at $27,036,188. This is roughly $6 million less than the current rate base fair market value price of

[1] Appendix 01 PAWC 1329 Application

$32,800,000. Mr. Garrett will address his analysis and recommendations in OCA Statement 2. I will address the impact of this adjustment later in my testimony.

II. Summary of Conclusions and Recommendations

Q. WHAT IS REQUIRED FOR APPROVAL OF AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE?

A. To acquire a municipal water system, a public utility must file an application asking for a Certificate of Public Convenience (Certificate), which will only be granted if the Commission determines that the acquisition is necessary or proper for the service, accommodation, convenience, or safety of the public.[2] In the alternative. courts have interpreted this standard to mean that the transaction "will affirmatively promote the service accommodation, convenience, or safety of the public in some substantial way".,[3] I understand the impact on rates is to be considered.[4] Additionally, I have been advised by counsel that if the claimed benefits of the sale are not substantially different than those already being provided by the current system operator and the known harms do not outweigh the existing benefits, the transaction does not meet the legal standard.[5] To summarize, the transaction should result in a clear and measurable net benefit to the public, rather than merely maintaining the existing state of affairs.[6]

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.

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[2] 66 Pa. C.S. § 1103(a).
[3] *City of York v. Pennsylvania Public Utility Commission*, 209 A.2d 825, 828 (Pa. 1973).
[4] *Application of Aqua Pennsylvania Wastewater, Inc.*, Docket No. A-2021-3024267, Order Entered January 13, 2022, p 8 (quoting *McCloskey v. Pennsylvania Public Utility Commission*, 195 A.3d 1055, 1066-1067 (Pa. Cmwlth. 2018), *appeal denied*, 207 A.3d 290 (Pa. 2019)) (emphasis added).
[5] *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1056 (Pa. 2007)(*Popowsky*).
[6] Lawrence *v. Pa. PUC,* 348 A.3D 108 (Pa. 2025) *(Lawrence*).

A. The overall acquisition does not produce net public benefits and should be denied. Based on my review, it is my opinion that the known benefits of the acquisition, such as the offering of low-income programs, do not outweigh the known rate harms associated with the increased costs from this transaction. In my opinion, the PAWC's alleged benefits of the sale relating to the claimed need for capital improvements and additional actions to improve environmental compliance are not substantially different from the service already being provided by the Authority or the service that the Authority can continue to provide in the future. Thus, as to these claimed service attributes, the acquisition will maintain the status quo. My testimony will show that, while the Authority faces certain compliance challenges, it is taking appropriate actions to address those challenges. My testimony will further demonstrate that the Authority has alternative funding avenues available to continue operating and providing safe and reliable drinking water. Moreover, I show that PAWC's bill payment options do not offer any tangible advantages over the Authority's current billing system, but to the extent there are any advantages, they are outweighed by the significant costs that ratepayers will bear based on the proposed ratemaking rate base. The rate harms include a purchase price that is 44%[7] above the net book value of $22,809,816[8] and an annual revenue deficiency of $2,587,000[9] which will unduly increase rates for both current PAWC water customers and the Authority's water customers. Based on my review, the rate harm outweighs the benefits of offering low-income customer programs to the Authority's customers.

[7] (1-32,800,000/22,809,816) = 44%.
[8] Appendix A-13 Seller Direct p. 18, ln. 23.
[9] PAWC Exhibit CEC-1 pg. 4.

However, if the Commission determines that the public benefits to this transaction outweigh the known and quantifiable harm associated with the rate increase that will be needed to fund the revenue deficiency, there are conditions that the Commission should impose as a part of approving the transaction, as set forth below in Section VIII of my testimony below.

III. Service and Facilities

A. Capital Improvements and Environmental Compliance

Q. DOES THE AUTHORITY'S SYSTEM HAVE ANY ENVIRONMENTAL COMPLIANCE ISSUES?

A. Yes. PAWC witness Mr. Jed Fiscus testified that the Authority has had numerous and persistent instances of non-compliance with the regulations promulgated under Pennsylvania's Safe Drinking Water Act ("SDWA"), 35 P.S. §§ 721.1-721.17. A recent web search for SDWA violations in PADEP's Drinking Water Reporting System ("DWRS") found a total of 57 individual violations in the System from October 21, 2021, through January 22, 2025.[10] In addition to these historical violations that are logged in PADEP's digital records, the Authority has received three (3) new Notice of Violation ("NOV") letters from PADEP arising from inspections conducted by PADEP as recently as May 11, June 11 and July 2, 2025.[11]

Company witness Witt also agreed and confirmed the environmental compliance issues stated by PAWC witness Fiscus.[12]

[10] Appendix A-14-a-Direct Testimony Jed A. Fiscus p.8, ln. 10-13.
[11] Id. ln. 14-17.
[12] Response to OCA Set 2-32.

Q. DOES THE AUTHORITY HAVE A CORRECTIVE ACTION PLAN (CAP) WITH THE PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)?

A. Yes. In discovery Company witness Witt testified that the Authority currently has a corrective action plan with DEP.[13] However, the issue of compliance with the plan was not addressed.

Q. IS THE AUTHORITY'S SYSTEM CURRENTLY IN COMPLIANCE WITH DEP REQUIREMENTS?

A. No. Company Witness Witt and PAWC witness Fiscus both referenced multiple compliance issues facing the Authority. A listing of these issues can be found in Exhibit LMW-4 and LMW-5.

Q. IS THE AUTHORITY'S SYSTEM CURRENTLY IN COMPLIANCE WITH UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA) REQUIREMENTS?

A. No. Company Witness Witt and PAWC witness Fiscus both referenced multiple compliance issues facing the Authority. A listing of these issues can be found in Exhibit LMW-4 and LMW-5.

Q WHAT DO YOU CONCLUDE BASED ON THESE RESPONSES?

A. The Authority's history of DEP compliance issues reflects ongoing operational and infrastructure concerns. While the Authority has entered a corrective action plan with

[13] Response to OCA Set 2-62.

DEP to address these matters, the record does not show that the proposed acquisition is necessary to achieve compliance, or that it would provide sufficient public benefit to ratepayers.

Q. **HAS THE AUTHORITY RECENTLY COMPLETED ANY CAPITAL IMPROVEMENTS?**

A. Yes. Company witness Witt testified that the following improvements were made to maintain the sewer system.[14]

1. 2025 - Added the 214,000-gallon Clinton Sister Water Tank in Saltlick Township, Fayette County.

2. 2025 - Added 7,600 linear feet (l.f.). of water distribution main and 24 residential customers along Harris Road in Saltlick and Springfield Townships, Fayette County.

3. 2026 - Added a 178,000-gallon Ohiopyle Sister Water Tank in Stewart Township, Fayette County.

4. 2026 - Adding 7,800 l.f. of water distribution main and 20 residential customers along Hopewell Road in Saltlick Township, Fayette County.

5. 2026 - Adding 5,400 l.f. of water distribution main and 18 residential customers along Pine Slopes Road in Saltlick Township, Fayette County.

6. From 2024 through to 2026, the Authority has budgeted over $1,100,000 to upgrade our Supervisory Control and Data Acquisition (SCADA) equipment.

[14] Response to OCA Set 2-9.

Q. HAVE ANY PROJECTS TO UPGRADE OR MAINTAIN THE SEWER SYSTEM BEEN PAUSED OR STOPPED SINCE THE NEGOTIATION OF THE SALE OF THE SYSTEM TO PAWC?

A. Yes, Company witness Witt stated the following projects were put on hold by the Board of Directors[15] due to overall funding concerns since the negotiations began.

1. Bulk Water Fill Station

2. Major rehabilitation of Mill-Run Treatment Plant

3. Fowl Hill Water line replacement

4. Mason, Stewartson, Baptist Church Road Water line extension

5. Water Allocation/Treatment Plant Project

Q. ARE THERE ANY ANTICIPATED CAPITAL IMPROVEMENTS?

A. In his direct testimony, PAWC witness Fiscus stated, "PAWC's five-year capital plan for the system is shown on PAWC Exhibit JAF-2. The total estimated five-year capital cost is $10.1 million.[16]

In discovery the Authority has stated they have tabled five projects due to overall funding concerns since the negotiations of the system sale.[17]

Q. ARE THESE CAPITAL IMPROVEMENTS MANDATED OR REQUIRED?

A. Company witness Witt stated that the renovations to the Grimm Springs Slow Sand Filter Plant have been deemed necessary or required by the PA DEP.[18]

[15] Response to OCA Set 2-10.
[16] Appendix A-14-PAWC Exhibit JAF-2.
[17] Response to OCA Set 2-10.
[18] Response to OCA Set 2-66.

Q. ARE ANY OF THE IMPROVEMENTS AND UPGRADES MENTIONED ABOVE URGENT?

A. Yes. In discovery, the Authority stated renovations to the Grimm Spring Slow Sand Filter Plant are required by DEP.[19]

Q. IS THE AUTHORITY FINANCIALLY FIT TO COMPLETE THE IMPROVEMENTS AND UPGRADES?

A. No, according to the Authority's General Manager, Mr. R. Kerry Witt, the Authority's limited size has increasingly strained both its operational capabilities and its overall financial condition. He further indicated that heightened environmental and safety compliance obligations have necessitated continued rate increases, a burden that is particularly significant given the Authority's small customer base.

Q. AT ANY TIME WITHIN THE 10-YEAR PERIOD ENDING DECEMBER 31, 2025, HAS THE AUTHORITY BEEN UNABLE TO REPLACE WATER UTILITY INFRASTRUCTURE OR MAKE NEEDED UPGRADES?

A. Company witness Witt testified that the Authority's ability to replace, rehabilitate, upgrade, and expand water utility infrastructure during that 10-year time frame has been considerably more limited due to funding, staffing, and operational concerns.[20]

Q. **HAS THE AUTHORITY APPLIED FOR PENNVEST LOANS OR ANY STATE AND LOCAL GRANTS?**

A. No. Authority witness Witt stated PENNVEST funding would have been insufficient

[19] Response to OCA Set 2-67.
[20] Response to OCA Set 2-68.

given the considerable costs needed to fully rehabilitate and upgrade the entire system.[21]

Q. DO YOU HAVE ANY COMMENTS?

A. PAWC witness Fiscus estimated the cost to upgrade the Authority's system at approximately $10 million.[22] Authority witness Witt further testified that such costs could not be covered through PENNVEST funding due to the project's size.[23] However, traditional PENNVEST loan programs are available to utilities for infrastructure projects in amounts up to approximately $11 million, with additional small-project funding options available through PENNVEST programs offering loans up to $500,000 for infrastructure repairs.[24]

The Authority also acknowledged that it has previously applied for and received funding through PA BAMR grant programs.[25] In addition, there is also USDA infrastructure funding available to rural areas, along with the H2O PA Program provides grant opportunities for utility infrastructure upgrades and repair projects.

Based on standard financing terms, a $10 million PENNVEST loan amortized over 20 years at a 2% interest rate would result in an estimated monthly payment of approximately $50,596.[26] When allocated among the Authority's current 2,389 customers, the estimated monthly cost would equate to approximately $21.18 per customer.[27] This projected amount is substantially lower than PAWC's proposed monthly

[21] Response to OCA Set 2-4.
[22] Appendix A-14-PAWC Exhibit JAF-2.
[23] Response to OCA 2-4.
[24] https://www.pa.gov/agencies/pennvest/programs-and-services/funding-programs
[25] Response to OCA Set 2-13.
[26] Exhibit LMW-2
[27] Exhibit LMW-2

rate increase of $69.90. Currently Authority customers are paying $69.92 per month for 3,201 gallons. PAWC's proposed rate would increase customers' bills to $139.52.[28] Future rate case filings by PAWC could also lead to additional increases in rates.

The Authority should further evaluate available state funding and low-interest financing options, including PENNVEST and other grant programs, before pursuing alternatives that may result in substantially higher customer costs. Existing public funding programs may provide a financially feasible method for completing necessary infrastructure improvements while reducing the impact on ratepayers.

Q. IS THERE ANY INDICATION ON THE RECORD THAT, IF THE AUTHORITY CONTINUED TO OWN THE SYSTEM, THE AUTHORITY'S RATES WOULD INCREASE TO THE SAME EXTENT THEY WOULD BE UNDER PAWC OWNERSHIP?

A. At this time, this cannot be confirmed. Company witness Witt stated that rates would need to be determined and approved as needed by the Authority Board.[29]

Q. DOES THE AUTHORITY'S SYSTEM HAVE ANY OUTSTANDING NON-COMPLIANCE ISSUES WITH THEEPA?

A. Company witness Witt testified that the Authority does have non-compliance issues with the EPA and references PAWC's witness Fiscus Exhibit JAF-4 and JAF-5. [30]

Q. WHAT CRITERIA DOES THE COMMISSION USE TO DETERMINE

[28] OCA Attachment 4-1.
[29] Response to OCA Set 2-6.
[30] Response to OCA Set 2-32.

WHETHER OR NOT A WATER OR WASTEWATER SYSTEM IS TROUBLED?

A. The Commission uses criteria from 66 Pa. C.S. § 1327 and 66 Pa. C.S. § Section 529 of the Public Utility Code.

Q. DO YOU CONSIDER THE SELLER'S SYSTEM TO BE TROUBLED USING THE CRITERIA FROM SECTION 1327/SECTION 529/PUC POLICY STATEMENT CRITERIA?

A. No, I do not consider the system to be troubled. As stated above, the Authority currently serves approximately 2,389 customers in its service area, consisting of 2,150 residential, 203 commercial, 1 industrial, 7 public fire, 3 bulk and 25 other.[31] As the system ages, it is going to need standard improvements. Needing standard improvements does not constitute a system being troubled. Section 1327(a)(3) of the Public Utility Code states "the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities…." While the Authority's system may have previous compliance issues, it seems to be complying with CAP, and it appears Authority is providing adequate, efficient, safe and reasonable service to its customers.

B. <u>Low-Income Programs</u>

Q. DID ANY WITNESS ADDRESS THE AUTHORITY'S LOW-INCOME CUSTOMERS?

A. Yes. PAWC witness Fiscus, in his direct testimony addressed PAWC's low-income program. Witness Fiscus states that "as new PAWC customers, the Authority's customers

[31] Appendix 01 PAWC 1329 Application p. 6.

will have access to PAWC's customer assistance program called the "H20 Help to Others Program." For water customers, this program offers two main services: (1) grants of up to $500 per year and (2) a tiered discount on water service charges and water usage charges based on percentage of Federal Poverty Level ("FPL") (Tier 1 customers at 0%-50% of the FPL receive a 90% discount on the water service charge and an 80% discount on water usage charges; Tier 2 customers at 51%-100% of the FPL receive a 75% discount on the water service charge and a 65% discount on water usage charges; Tier 3 customers at 101%-150% of the FPL receive a 60% discount on the water service charge and a 40% discount on water usage charges; and Tier 4 customers at 151%-200% of the FPL receive a 30% discount on the water service charge and a 20% discount on water usage charges). Additionally, PAWC offers payment arrangements and budget billing to residential customers who qualify for the programs.[32]

Q. DO YOU HAVE ANY COMMENTS?

A. Yes. PAWC witness Mr. Fiscus is not correct that PAWC's low-income program will provide assistance to all the Authority's low-income customers. The table below shows the difference in rates between customers paying the non-discounted rate for both the

[32] Appendix A-14-a-Direct Testimony Jed Fiscus p. 24, ln. 15-23.

Authority and the customers paying the discounted rate under PAWC.

Table one: Rates with and without discount at 3,201 gallons a month[33]

Avg. usage	Current ICVWA Rates	PAWC Sv Charge	PAWC Usage Charge	Est. Bill PAWC	PAWC Discounts	Tier 1 discount 0%-50% FPL	Tier 2 discount 51%-100%	Tier 3 discount 101%-150%	Tier 4 discount 151%-200%
3,201	**$ 69.92**	$ 18.80	$ 1.88	$ 139.52	**Service Charge**	90%	75%	60%	30%
					Usage	80%	60%	40%	20%
Low Income Service Charge Discount						$ 16.92	$ 14.10	$ 11.28	$ 5.64
Low Income Usage Discount						$ 48.07	$ 36.05	$ 24.04	$ 12.02
Total Low Income Discount						**$ 64.99**	**$ 50.15**	**$ 35.32**	**$ 17.66**
Est.Monthly Low Income Bill						**$ 74.53**	**$ 89.37**	**$ 104.20**	**$ 121.86**
Increase under PAWC ownership						**$ 4.61**	**$ 19.45**	**$ 34.28**	**$ 51.94**

This table demonstrates that, although PAWC offers bill discounts to qualifying low-income customers, those customers will nevertheless experience an increase in their rates based on PAWC's current average monthly consumption level of 3,201 gallons. Low-income customers in the 0%-50% FPL range would see an increase of $4.61 vs. their current bill.

In addition to the discount programs offered by PAWC, the Company also offers Arrearage Management Program (AMP) which provides monthly forgiveness through monthly credits. Finally, customers with a household income of 250% of the FPL and below are eligible for annual wastewater grants of up to $500 under PAWC's H2O Help to Others program.[34]

PAWC asserts that their low-income assistance programs are a public benefit to the

[33] Appendix A-14-a- Direct Testimony Dr. Chritina E. Chard p. 1.
[34] Appendix A-14 Buyer Testimony p.15 ln 13-17.

customers of the Authority. Although these programs are an important resource, the existence of such programs does not eliminate the impact the proposed rate increase will have on customers. According to the United States Census Bureau report, [35] 14.7% of Fayette County residents live in poverty. As a result, a meaningful portion of the Authority's customer base may continue to be faced with increased affordability concerns even with the availability of PAWC's low-income assistance programs. The offering of said programs does not offset the negative impacts associated with the proposed rate impact the transaction will produce.

Q. PLEASE DESCRIBE THE GENERAL NATURE OF PAWC'S APPLICATION.

A. PAWC seeks approval to acquire the Assets of the Authority's system for a purchase price of $32,800,000.[36]

Q. HOW MANY CUSTOMERS DOES THE AUTHORITY'S WATER SYSTEM SERVE?

A. The Authority serves approximately 2,389 customers in Saltlick Township, Springfield Township, Bullskin Township, Connellsville Township, Stewart Township, Donegal Township, Mount Pleasant Township, Ohiopyle Borough, and Donegal Borough.

Q. HOW MANY SECTION 1329 ACQUISITIONS HAS PAWC COMPLETED?

A. The table below shows PAWC's prior 1329 Acquisitions.[37]

[35] https://www.census.gov/quickfacts/fact/table/fayettecountypennsylvania
[36] Appendix A-14-Buyer Direct Testimony pg. 5 ln. 17.
[37] OCA-3-8a-c Attachment.

Acquisition	Water / WW	a. Closing Date	b. Total # Customers	Docket No.
Steelton Borough Authority	Water	10/09/19	2,387	A-2019-3006880
Valley Twp - Water	Water	11/19/21	1,657	A-2020-3019859
McKeesport, The Municipal Authority of the City	WW	12/18/17	10,507	A-2017-2606103
Township of Exeter	WW	10/24/19	7,923	A-2018-3004933
Kane Borough Authority	WW	10/13/20	2,015	A-2019-3014248
Royersford Borough	WW	05/25/21	1,482	A-2020-3019634
York	WW	05/27/22	59,345	A-2021-3024681
Butler Area Sewer Authority (BASA)	WW	10/29/24	15,000	A-2022-3037047
Elizabeth Borough Municipal Authority	WW	12/16/25	2,190	A-2023-3038717
Sadsbury Township	WW - Coll. Only	03/06/19	1,115	A-2018-3002437
Valley Twp - Wastewater (Collection Only)	WW - Coll. Only	11/19/21	2,836	A-2020-3020178
Upper Pottsgrove	WW - Coll. Only	06/30/22	1,593	A-2020-3021460

Q. WHAT IS THE NET BOOK VALUE OF THE AUTHORITY'S SYSTEM ASSETS THAT ARE BEING ACQUIRED BY PAWC?

A. PAWC provided Engineering Assessments submitted by Weinert Appraisal and Depreciation Services, LLC (Weinert) as Appendix A-5.1 to the Application and Gannett Fleming as Appendix A-5.2 to the Application. Based on Weinert's analysis, the original cost of the Authority's water system is $31,666,760 and the net book value is $15,845,662.[38] Based on Gannett Fleming's analysis, the original cost of the Authority's water system is $33,029,748 and the net book value is $22,809,816. For my testimony, when I reference the net-book value of the Authority's system I will use the average of the two assessments, which is $19,327,739.[39]

Q. WHAT IS NET BOOK VALUE?

A. Net book value is the value of an asset when depreciation is subtracted from its cost. [40]

[38] Net book value under Section 1329 (and as reflected in the Engineer's report) does not reflect an offset for contributed plant or capital as is done in ratemaking. 66 Pa. C.S. § 1329(d)(5).
[39] (15,845,662+22,809,816)/2=19,327,739.
[40] https://dictionary.cambridge.org/us/dictionary/english/net-book-value

By way of example, if I were to purchase a car for $10,000 and drive the car enough so that it depreciates by $1,000 due to wear and tear, the net book value of the car would be $9,000.[41] In the utility context, the net book value is calculated by subtracting the accumulated depreciation of an asset from the asset's original cost, which is how it would appear in a company's books.[42]

Q. WHY DOES THE NET BOOK VALUE MATTER?

A. Net book value matters because it shows the book value of an asset after depreciation is subtracted due to use of the asset. In this case the asset is the Authority's water system, and the net book value shows how much PAWC is overpaying for this asset. To return to my car example above, if I have a car that has a net book value of $9,000 that originally cost me $10,000 to purchase, and a buyer pays me $14,892 for the car, the buyer would be overpaying 66.47% over the net book value of the asset.[43]

Q. BY HOW MUCH DOES THE PURCHASE PRICE EXCEED THE NET BOOK VALUE?

A. PAWC agreed to pay $32,800,000 for the Authority's system, or $13,472,261 (59%) over the net average book value of $19,327,739[44] computed by Weinert Consultants and Gannett Fleming.

Q. HOW WILL THE ACQUISITION IMPACT PAWC'S REVENUES?

A. PAWC witness Chard calculates that for Year 1 the proposed transaction will create an

[41] $10,000-$1,000=$9,000.
[42] https://www.thefinanceweekly.com/post/what-is-net-book-value
[43] $9,000 + ($9,000*1.66) = $14,892.30
[44] (22,809,816+15,845,662)/2

annual revenue requirement of $5,163,000, with an annual revenue deficiency of $2,587,000.[45] This means that the revenue collected from the Authority's customers at the rates currently in effect is insufficient by $2.6 million each year to cover the cost of operating the system at PAWC's now-current cost of capital. This amount will only increase if PAWC's pending rate case increase goes into effect[46] which could occur prior to closing. This revenue deficiency could lead to PAWC seeking a higher cost of recovery in its next rate base case. A higher cost recovery that otherwise would not need to be pursued if this transaction did not create such a large revenue deficiency. Much if not all the risk of that cost recovery will be the responsibility of the ratepayers due to Section 1329 and Act 11. At a utility's request and following Commission review, Act 11 allows for combined water and wastewater utilities, such as PAWC, to seek PUC approval to shift the cost of each wastewater service to combined base of water and wastewater customers.[47] Simply put, PAWC's wastewater customers can be responsible for some of the cost of water service related to the Authority's system, even when they do not receive wastewater service from that system utility and vice versa.

If the Commission were to accept the OCA adjustments to the fair market value as rate base, using PAWC's witness Chard's calculations, PAWC's annual revenue deficiency would be $2,161,000.[48] [see LMW Exhibit-7 OCA-4-1 Attachment excel spreadsheet]

Q. HAS THE PUBLIC UTILITY COMMISSION OFFERED AN OPINION OR GUIDANCE REGARDING HOW TO DETERMINE A REASONABLE PRICE AT

[45] Direct Testimony Chard Exhibit CEC-1 pg.4.
[46] See Docket Nos. R-2025-3057983, R-2025-3058051.
[47] 66 Pa. C.S. § 1311 (c).
[48] OCA-4-1 Attachment.

WHICH A COMPANY COULD PURCHASE A WATER OR WASTEWATER SYSTEM?

A. Yes, at the public meeting held March 27, 2025, the Commission recognized the public and political interest pertaining to the Valuation of Acquired Municipal Water & Wastewater Systems – Act 12 of 2016, specifically the use of Section 1329. The Commission issued a Tentative Supplemental Implementation Order or "TSIO", which among other things pertaining to Act 12 and Section 1329, addressed a "guidepost" which the Commission could use to determine the reasonableness of the purchase price of a 1329 transaction.[49]

Q. WHAT IS THE REASONABLE REVIEW RATIO OR RRR?

A. The Commission states in the TSIO that:

> "The crux of the RRR is to determine the ratio of the fair market value (FMV) to depreciated original cost (DOC) of a barometer group of similarly situated investor-owned water utility companies (IOUs)."[50]

Q. HOW IS THE RRR CALCULATED?

A. The Final Supplemental Implementation Order (FSIO) states the following:

> "To evaluate the FMV, we will utilize the EV of the investor-owned utilities (IOUs) as a relevant proxy. As noted in the 2024 TSIO, the EV is a comprehensive valuation of the IOUs and is readily available to the public for each of these IOUs given their publicly traded status. To determine the DOC of these IOUs, we will utilize the Net PP&E included on each of the company's balance sheets. We reiterate that Net PP&E is an appropriate proxy for DOC since it represents the total value of the physical assets of the company less depreciation. The RRR is the ratio of these two numbers, with EV being the numerator and Net PP&E being the denominator, such that Reasonableness Review Ratio = Enterprise Value / Net Property, Plant &

[49] *Valuation of Acquired Municipal Water & Wastewater Systems – Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 (*Tentative Supplemental Implementation Order* entered Feb. 1, 2024) (*2024 TSIO*), *2024 TSIO* at 6.
[50] *Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 *2024 TSIO* at 6.

Equipment."[51]

Q. WHAT IS THE OCA'S OPINION OF THE RRR AS ADOPTED IN THE FSIO?

A. The OCA supports the intent to provide guideposts to assist in determining the prudency of applications. The OCA asserts, however, that the RRR should not be a test of presumptive reasonableness or determination that the application is in public interest, but rather one factor among many. The OCA also asserts that the RRR should not override *City of York*, *McCloskey*[52,53] and *Cicero*[54,55], which clearly require the Commission to consider the rate impact of the transaction as part of the overall consideration of whether there are substantial affirmative public benefits from the proposed transaction. Additionally, the OCA prefers a fixed value guidepost of 1.63 because the use of the RRR raises variability and timing concerns.[56] In the FSIO, the Commission agreed with the OCA's comments, "that the RRR is not a test of presumptive reasonableness or a determination that an acquisition is in the public interest, but rather one factor among many."[57]

Q. WHAT IS THE MARKET VALUE RATIO (MVR)?

A. The MVR is a ratio for the transaction that can be compared to RRR. To calculate the

[51] *Valuation of Acquired Municipal Water & Wastewater Systems – Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 (*Final Supplemental Implementation Order* entered June 13, 2024) (*2024 FSIO*), *2024 FSIO* at103.
[52] *Application of Aqua Pennsylvania Wastewater, Inc.*, Docket No. A-2021-3024267, Order Entered January 13, 2022, p 8 (quoting *McCloskey v. Pennsylvania Public Utility Commission*, 195 A.3d 1055, 1066-1067 (Pa. Cmwlth. 2018), *appeal denied*, 207 A.3d 290 (Pa. 2019))
[53] *Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 *2024 FSIO* at 117.
[54] *Cicero, 300 A.3d at 1119.*
[55] *Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 *2024 FSIO* at 117.
[56] OCA Comments at 17-18.
[57] *Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 *2024 FSIO* pg. 106.

MVR, the rate base addition is divided by the DOC of the system.

Q. WHAT WOULD THE "MVR" VALUE BE AT THE CURRENT PURCHASE PRICE?

A. At the current purchase price, the MVR value would be 3.21.[58]

Q. WHAT WOULD THE PURCHASE PRICE BE USING THE RRR IN THIS TRANSACTION?

A. Using the 1.63 RRR provided by the Commission and information provided by PAWC witness Chard[59] the chart below shows what the purchase price would be if the RRR had been used in this transaction.

Original Cost		$ 33,029,748
Deprecitated Original Cost (DOC) - Seller	B	$ 22,809,816
Deprecitated Original Cost (DOC) - Buyer	C	$ 22,911,559
Average DOC *(B + C)/2*		**$ 22,860,688**
DOC x 1.63 allowed RRR		**$ 37,262,921**

[60]

Q. IS THE RRR BINDING?

A. No. According to the Commission's FISO, the RRR is neither meant to be binding nor to replace FMV.[61]

Q. DO YOU HAVE ANY ADDITIONAL COMMENTS REGARDING THE RRR IN

[58] 32,800,000/10,319,932=3.21.
[59] OCA-4-2 Attachment.
[60] OCA-4-1 Attachment.
[61] *Act 12 of 2016 Implementation*, Docket No. M-2016-2543193 *2024 FSIO* pg. 106.

THIS CASE?

A. While the RRR may not be a binding standard, its purpose is to help judge the reasonableness of the proposed ratemaking rate base of an acquisition. Comparing the RRR value of $37,262,920 to the $32,800,00 purchase price that PAWC agreed to pay, shows that the Company would be purchasing the system for nearly (12%) under the RRR value.[62]

Q. WHAT ARE THE AUTHORITY'S CURRENT RATES?

A. The Authority currently charges a monthly base service fee of $12.00, with an additional usage charge per 1,000 gallons of $1.80 (residential) and $1.80 (commercial). Based on the residential only by Municipality chart, the average monthly residential bill is approximately $60.78 (2,671 gallons per month usage).[63]After closing, PAWC will implement the Authority's water rates in effect at the time of closing and will continue to bill the Authority's customers monthly.[64]

Q. WHAT IS THE PROPOSED RATE IMPACT FOR THE AUTHORITY'S CUSTOMERS?

A. In PAWC witness Chard's testimony, she established the Authority's customers would see a roughly 100.2%[65] increase in rates, incurring an average bill of $139.52 per month[66], more than double the Authority's current rates. This assumes that one hundred percent of the revenue requirement deficiency is borne by the acquired customers of the

[62] (32,800,000/37,262,921)/37,262,921) *100=12%
[63] OCA 2-30 Attachment.
[64] Appendix A-14 PAWC-St. 3 Chard pg.7, ln. 20-21.
[65] PAWC Exhibit CEC-1 p. 1 of 7.
[66] PAWC Exhibit CEC-1 p. 1 of 7.

Authority.

Q. IS THERE ANY INDICATION ON THE RECORD THAT THE AUTHORITY'S RATES WOULD INCREASE TO THE SAME EXTENT THEY WOULD UNDER PAWC OWNERSHIP IF THERE WAS NO ACQUISITION?

A. No. In discovery, Company witness Witt confirmed the Authority routinely increased its water rates as needed historically.[67] The rate adjustment from November of 2023 was adequate to cover the Authority's limited basic operational needs for an estimated two years. The Authority has refrained from raising rates due to the impact that such rate increases could have on customers, including those with limited incomes.[68] Additionally, there were no calculations and/or worksheets prepared to determine how much the Authority's customer rates would need to increase to fund any necessary capital improvements if the acquisition did not happen.

Q. WHAT IS THE ESTIMATED BILL IMPACT FOR THE AUTHORITY'S CUSTOMERS WITH OCA'S ADJUSTMENTS?

A. Using witness David Garrett's FMV or $27M, the rate impact on Authority's customers would drop from a 100.4% increase to an 83.9% increase to the average residential customer bill.[69]

Q. WHAT IS THE PROPOSED RATE IMPACT FOR EXISTING PAWC CUSTOMERS?

[67] Response to OCA Set 2-8.
[68] Response to OCA Set 2-8.
[69] OCA-4-1 Attachment.

A. PAWC noticed its existing customers, based on an average usage of 3,201 gal/month, the current average bill for an PAWC water customer could increase by $.24 or .3% a month.[70] Under Act 11, PAWC may shift the costs from wastewater customers to water customers and therefore increase the bills for PAWC's water customers due to the acquisition. After a utility's request and Commission review, Act 11 allows for combined water and wastewater utilities to shift the cost of each service to each segment of customers.[71] As I stated earlier in my testimony, wastewater customers can be held responsible for some of the cost of water service, even when they do not receive water service from that utility and vice versa.

IV. Concerns Raised by Customers

Q. DO YOU HAVE A COMMENT REGARDING ANY CONCERNS RAISED BY CUSTOMERS AT THE PUBLIC INPUT HEARINGS?

A. The public input hearing will not take place until after the submission of this testimony. Any testimony regarding the public input hearings will be addressed in the Company's rejoinder testimony. The OCA will address any public input hearing testimony in its Main Brief.

Q. PLEASE PROVIDE A SUMMARY OF THE CONCERNS RAISED BY CONSUMERS IN THE INFORMAL COMPLAINTS.

A. There were two informal complaints filed by customers. One customer of the Authority opposed the merger due to potential rate increases. The second complaint came from Mrs. Rose Davis, a PAWC customer who opposes the merger. She stated "It is neither

[70] PAWC Exhibit CEC-1 p. 1 of 7.
[71] 66 Pa. Code § 1311 (c).

fair nor reasonable for the Public Utilities Commission to grant Pennsylvania American Water Co. a rate increase based on its decision to acquire another water system, the Indian Creek Valley Water Authority, which is not a self-supporting entity and must raise the rates of residents in Smithfield Township to help support the operations of another water company."[72]

V. Analysis of Affirmative Public Benefits

Q. DO YOU HAVE A CONCLUSION ABOUT THE BENEFITS AND HARMS OF THIS TRANSACTION?

A. Yes. Based on my review, as discussed extensively above, it is my opinion that the known benefits of the acquisition and the offering of low-income programs and system upgrades do not outweigh the known rate harms associated with the increased costs of this transaction. The rate harms include a purchase price that is 59%[73] over the average net book value of $19,327,739[74] and an annual revenue deficiency of $2,587,000[75], which will unduly increase rates for both PAWC water and wastewater customers. In addition, Authority customers will see their bills more than double under PAWC ownership. In my opinion, the Applicant's alleged benefits of the sale relating to the claimed need for capital improvements and additional actions to improve environmental compliance are not substantially different from the service already being provided by the Authority or the service that the Authority can continue to provide in the future. Thus, as

[72] PA American Water Opposition 4-16-26.
[73] 19,327,739/32,800,000=59%
[74] (22,809,816+15,845,662) /2
[75] PAWC Exhibit CEC-1 pg. 4.

to these claimed service attributes, the acquisition will maintain the status quo. My testimony demonstrates that, while the Authority has encountered certain compliance issues related to required environmental regulations, there is no indication that it is not adhering to its Corrective Action Plan (CAP). Additionally, the Authority has other viable options available that would enable it to continue operating and maintaining the system without the need to sell to PAWC.

Q. DO ANY WITNESSES CLAIM THAT THE AUTHORITY WILL BENEFIT FROM THE ACQUISITION?

A. Yes, both Authority witness Witt and PAWC witness Baer provided testimony on the benefits customers will receive. Witness Witt stated, "the Proposed Transaction will allow the townships [to] improve public infrastructure now and into the future."[76] Witness Witt also testified that "The benefits of this transaction will not be limited to the addition of public infrastructure improvements. The Transaction will also alleviate certain burdens, including the elimination of all Authority debt and the removal of the responsibility for compliance with increasingly stringent environmental requirements. In addition, the Transaction will provide funds that can be applied for various public purposes, including funding customer contributions to PAWC water line extension improvements to unserved areas and providing potential matching funds for state and federal grants to accomplish other infrastructure improvements. These expected benefits will help the APA Townships stabilize their real estate tax base by providing a way to

[76] Appendix A-13 Seller Direct Testimony pg.3 ln. 20-23.

address capital improvements without increasing real estate tax rates."[77]

Witness Baer testified that the Authority's customer base will benefit by becoming part of a long-established public utility who has the managerial, technical, and financial funding to comply with the Pennsylvania Public Utility Code. Customers of the Authority will have improved customer service such as extended call center hours, customer education programs, and access to a variety of assistance programs. The proceeds of the sale will benefit residents through increased tax revenues allowing for infrastructure and service improvements without having to increase taxes.[78]

Q. DO YOU HAVE ANY COMMENTS?

A. Yes. The testimony of Authority witness Witt and PAWC witness Baer highlight project benefits but fail to address potential risks to customers. Some of the claimed benefits, such as infrastructure improvements, tax stabilization, and expanded services are not guaranteed and come without clear commitments. Even if the transaction eliminates the Authority's debt and transfers compliance obligations, those underlying costs do not disappear; they are typically recovered in a regulated utility revenue requirement and, in practice, are paid by customers through rates over time.

While the transaction may help limit the need for township tax increases, that outcome does not necessarily correspond to lowering overall costs for residents if utility rates rise. Based on the record presented, it is not clear that the transaction will provide a net long-

[77] Appendix A-13 Seller Direct Testimony pg.4 ln. 1-10.
[78] Appendix A-14-PAWC Statement No.1-Bear Direct Testimony p.15-17.

term benefit to customers.

Q. DO ANY WITNESSES CLAIM THAT PAWC'S EXISTING CUSTOMERS WILL BENEFIT FROM THE ACQUISITION?

A. Yes. PAWC witness Ms. Baer stated that the transaction is expected to benefit both PAWC customers over the long term by expanding PAWC's customer base. There will be no immediate rate impact, and the transaction should help maintain reasonable rates going forward.

PAWC's operational expertise and economies of scales such as improved purchasing power, labor efficiency, and system integration—are expected to slow the growth of operating costs. In addition, a larger customer base allows infrastructure costs to be shared more broadly, supporting stable rates. This cost-sharing approach is especially important as environmental requirements increase and helps ensure continued system reliability while keeping rates reasonable.[79]

Witness Baer testified that "in the long-term, the Transaction will help PAWC keep rates reasonable for all its customers. Through its expertise in water operations and management and the leveraging of economies of scale (purchasing power, labor efficiency, system integration and efficiency improvement), PAWC will, over time, be able to lower or slow the increase in the cost of operating the Authority's system. Moreover, by adding additional connections to the entire PAWC system, there are more customers to share future infrastructure investment costs which promotes stable rates across the entire PAWC system.[80]

[79] Appendix 14-A PAWC Statement No.1-Direct Testimony Baer, p.17, ln. 9-22.
[80] Appendix A-14-PAWC Statement No.1-Bear Direct Testimony p.17, ln. 13-21.

In addition, PAWC's 1329 application outlined how current PAWC customers will benefit from the acquisition as follows:

> a. PAWC's existing water customers are members of the public-at-large, and so will enjoy the same benefits from the Transaction as all other members of the public-at-large.
>
> b. The Transaction will have no immediate rate impact on PAWC's existing water customers; any impacts on the rates of PAWC's existing customers would occur only upon Commission approval as part of a base rate proceeding.
>
> c. The Transaction will add approximately 2,389 water customers to PAWC's existing water customer base of approximately 695,001residential, commercial, industrial, municipal and bulk customers in Pennsylvania. In the long term, this will benefit existing water customers by spreading the costs of the System among a larger number of customers, allowing all customers to share future infrastructure and other expenses, which permits rates for all customers to remain just and reasonable over time. It also promotes rate stability because customers in any particular water system are unlikely to experience sharp rate spikes when their individual system requires extensive capital investments
>
> d. The ICVWA service territory is adjacent to PAWC's Uniontown and Connellsville water systems, and ICVWA currently has an interconnection for bulk water supply with PAWC's Connellsville system.
>
> e. PAWC would become better positioned in this region to further drive regionalization and consolidation of water and wastewater systems, which not only offers significant environmental benefits to the public, but allows PAWC to have better coordination of construction projects.[81]

Q. DO YOU HAVE ANY COMMENTS?

A. Yes. There is no indication of how long it will take for this transaction to provide any benefit to PAWC's existing customers, and I do not believe it will deliver any meaningful benefit at all, particularly in the near future. Adding customers alone does not create economies of scale. In this case, there is no evidence demonstrating that the proposed transaction would lower customer rates in the near term, nor is there evidence indicating

[81] Appendix 01 PAWC 1329 Application p. 13.

that rates would decline over the long term because of economies of scale. PAWC has not provided sufficient support to demonstrate that its acquisition of the Authority's assets would produce tangible economies of scale that would benefit either existing customers or those served by the acquired system. There is, in fact, nothing at all to suggest that this transaction will be at all beneficial to PAWC's existing customers. In exchange for the transaction, they may well be required to pay higher rates if the PUC assigns a portion of the revenue deficiency to existing customers.

Q. IS THE AUTHORITY TECHNICALLY FIT TO COMPLETE THE IMPROVEMENTS AND UPGRADES?

A. In response to discovery, Company witness Witt stated "No, The Authority is technically fit to complete certain capital improvements. Other more complex capital improvements that would improve the system and service to customers, however, are beyond the technical fitness, staffing, and ability of the Authority."[82]

Q. PAWC'S WITNESS, MR. JED FISCUS, TESTIFIED ON PAGE 16-18 OF HIS DIRECT TESTIMONY THAT HE BELIEVES THAT PAWC IS TECHNICALLY FIT TO OPERATE THE SYSTEM, DO YOU AGREE?

A. Yes. However, PAWC's technical qualifications alone as a public utility does not generate significant substantial affirmative public benefits.

Q. DO YOU BELIEVE THE AUTHORITY'S CUSTOMERS WILL BE HARMED BY THIS TRANSACTION?

[82] Response to OCA Set 2-69.

A. Yes. As I mentioned earlier in my testimony the rate increase resulting from this transaction will harm the Authority's customers by doubling their current rates. Additionally, the annual revenue deficiency, to be recovered through rates, stems solely from this acquisition.

Q. PLEASE DESCRIBE THE AUTHORITY'S BILL PAYMENT OPTIONS.

A. The Authority offers on-site bill payment at the Authority's office located centrally to the service area at 2019 Indian Head Rd, Indian Head, Pennsylvania 15446. Customers can pay their water bills by bringing cash or checks to the water office located in Indian Head or they can mail payment to our postal address. The Water Authority does not accept electronic payments by credit card, debit card, or other online methods.[83]

Q. DOES PAWC'S BILLING SYSTEM OFFER ANY ADVANTAGES OVER THE AUTHORITY'S SYSTEM?

A. Although PAWC offers additional payment methods, some coming with additional processing fees, the Authority provides ample payment methods. To the extent there are any advantages to be had when comparing the Authority billing system over PAWC's billing system, such benefits are outweighed by the significant costs that ratepayers will bear based on the proposed ratemaking rate base.

Q. IS THE AUTHORITY CURRENTLY IN COMPLIANCE WITH ALL STATE AND FEDERAL REGULATIONS RELATED TO THE PHYSICAL AND CYBER SECURITY IN PLACE FOR ITS OPERATIONS?

A. Yes. Company witness Witt testified that to the best of his knowledge, the Authority

[83] Response to OCA Set 2-23.

follows federal regulations related to cyber security.[84]

Q. PAWC WITNESS FISCUS CLAIMS THAT PAWC WILL IMPROVE THE AUTHORITY'S CYBERSECURITY MEASURES.[85] PLEASE RESPOND.

A. PAWC proposed improvements appear to be designed to make the Authority's system consistent with PAWC's processes. Those proposed improvements will address access control improvements as well as remote monitoring.[86]

VI. Necessary Conditions for Approval

A. Low-Income Programs

Q. DO YOU HAVE ANY RECOMMENDATIONS?

A. Yes. Unless the Authority's customers know about and enroll in PAWC's low-income programs, the existence of PAWC's low-income programs will not provide any benefit. If the Commission approves the transaction, PAWC should provide a letter to the acquired customers that provides information regarding its low-income programs, including a description of the available programs, eligibility and requirements, and PAWC's contact information. The letter should be sent within 30 days after closing so that eligible customers can benefit from the programs as soon as possible and, importantly, before rates are increased. Also, PAWC should include the same information regarding low-income programs in bills sent to Authority's customers within 90 days after closing. PAWC should report on the number of eligible customers from the former Authority service area who are enrolled in PAWC's CAP. The report should be provided to the

[84] Response to OCA Set 2-46.
[85] Appendix A-14 p.20 ln. 4-6.
[86] Appendix A-14 Direct Testimony Jed Fiscus p.20 ln. 5-6.

Commission and to the parties every six months until the conclusion of PAWC's next base rate case.

It is important to track this metric because currently PAWC provides water service to 50,183[87] confirmed low-income customers. However, only 16,632[88] current PAWC customers actively participated in PAWC's low-income programs. Effective outreach and education are vital for these programs to be effective in providing affirmative public benefits.

Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING HARDSHIP FUNDS?

A. While I do not feel there has been an evidentiary showing that there is an affirmative public benefit to this transaction, if the Commission were to approve the transaction, against the recommendation of the OCA, it should be conditioned on the requirement that PAWC make an annual contribution of $80,000[89] to the hardship fund for five years following closing. These contributions should not be recovered in rates and all unspent funds at the end of the program year should be rolled over and added to the budget for the hardship grant program in the following year(s). This will provide a concrete and actual benefit to PAWC's existing and acquired customers that will provide a small offset to the rate increases that will result from approval of this acquisition.

[87] PAWC Response to OCA Set 3-1.
[88] PAWC Response to OCA Set 3-2.
[89] The OCA calculated this number by rounding down from 0.25% of the $32,800,000 million purchase price. (32,800,000 x 0.0025) = 82,000 rounded down to 80,000.

B. Transaction and Closing Costs

Q. IN ADDITION TO THE PURCHASE PRICE OF $32,800,000 WHAT OTHER EXPENSES WILL PAWC RECORD FOR RATEMAKING PURPOSES WITH RESPECT TO ITS SECTION 1329 APPLICATION?

A. PAWC witness Chard stated that "The UVE fees for PAWC's appraisals received as of the date of the Application totaled approximately $930,000.[90] The exact extent of such costs cannot be known at the time of filing the Application and will not be finally known until after the Closing of the Transaction. The costs depend on a number of variables, including whether this Application is settled or fully litigated. PAWC will track such costs and incorporate them into rate base in a future base rate proceeding as appropriate.[91]

Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING PAWC'S CLAIM FOR TRANSACTION AND CLOSING COSTS AND CAPITAL IMPROVEMENTS?

A. Yes. Section 1329(d)(iv) requires PAWC to provide an estimate of its transaction and closing costs; however, the actual costs cannot be determined until the transaction closes. While I recommend denial of this acquisition due to the lack of an overall affirmative public benefit, if the Commission approves the acquisition subject to the conditions discussed in this testimony, PAWC may seek recovery of its actual transaction and closing costs in its next base rate case.

[90] Appendix A-10 Buyer transaction and closing costs.
[91] Appendix A-10 Buyer's transaction and closing costs.

To facilitate regulatory review, PAWC should separately identify and classify all transaction and closing costs for which it seeks recovery, including any outside legal fees. Furthermore, PAWC should not include in its ratemaking rate base any transaction or closing costs incurred by the Authority. Section 1329 does not provide for the recovery, through the acquiring utility rate base, of transaction or closing costs incurred by the selling utility.

PAWC should also monitor and quantify capital improvement expenses across two categories: (1) essential capital improvements—those required to bring the system into compliance with Commission standards and environmental regulations; and (2) costs related to aligning the system with company-wide standards.

Cost of Service Study (COSS)

Q. SHOULD A SEPARATE COST OF SERVICE STUDY BE REQUIRED FOR THE ACQUIRED ATHORITY'S SYSTEM WHEN PAWC FILES ITS NEXT BASE RATE?

A. Yes. In accordance with Section 1329, the rate base valuation for the Authority is different than for acquisitions approved under the traditional regulatory framework, where assets are valued for ratemaking purposes at original cost net of accumulated depreciation and net of contributions. At the time of filing its next base rate case, PAWC should submit a water cost-of-service study that removes all costs and revenues associated with the operation of the Authority system and will also provide a separate cost-of-service study (COSS) for the Authority system. A COSS would provide the necessary information needed to establish rates that reflect the costs of the acquired

system. Additionally, PAWC should submit a COSS that removes all costs and revenues associated with the operation of the Authority system.

C. Distribution System Improvement Charge (DSIC)

Q. IS PAWC REQUESTING THE IMPLEMENTATION OF A DSIC FOR AUTHORITY CUSTOMERS AT CLOSING?

A. Yes. PAWC is requesting authority from the Commission to approve collection of a distribution system improvement charge ("DSIC") related to the system in the future, prior to the first base rate case in which the system plant-in-service is incorporated into rate base. PAWC would not begin charging a DSIC until the eligible system plant is approved by the Commission in an amendment to PAWC's Long Term Infrastructure Improvement Plan for water.[92]

Q. DO YOU HAVE A CONCERN ABOUT PAWC'S PROPOSAL?

A. Yes. Although Section 1329(d)(4) provides that the Authority's rates will not increase until new base rates are approved in PAWC's next base rate case post-closing, the statute does allow PAWC to collect a DSIC during this time. Though PAWC does not commit to ***when*** it will file an amended LTIIP, having the acquired customers pay a DSIC is one small way in which PAWC's existing customers can receive a short-term benefit from the acquisition by spreading the costs recovered through the DSIC over a larger customer base.

Q. WHAT IS YOUR RECOMMENDATION?

[92] Appendix 14-A PAWC Statement No.3-Direct Testimony Dr. Christinia Chard p. 8, ln. 19-21.

A. PAWC's amended LTIIP including the Authority's system should be filed within 90 days of closing. Additionally, the proposed projects reflected in the amended LTIIP should be in addition to, and not re-prioritize, any capital improvements that PAWC has already committed to undertaking for existing customers. Also, PAWC should not include the Authority's system-related investments in its DSIC until PAWC collects a DSIC from the Authority's customers. The last two requirements protect PAWC's existing customers by helping to ensure the acquisition does not mean that (1) projects in their service areas will not be carried out as planned and (2) they will not pay for projects in the Authority's service area through their DSIC rates until the Authority's customers are also paying DSIC rates.

D. Customer Notices of Rate Impact from Transaction

Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING THE NOTICE PROVIDED TO CUSTOMERS?

A. Yes. Going forward, PAWC's notices should present rate impacts across a range of usage levels, not only at an average. The OCA recommends that customer notices estimating the effect of an acquisition on bills reflect multiple usage scenarios, rather than relying solely on a single average determined by the Company.

Customers using different amounts of water would see different impacts on their overall bills. The PAWC notice inserts should show a range including what a customer using 5,000 gallons per month (perhaps a 2-person household) would see as a bill impact, versus what a customer using 10,000 gallons per month (perhaps a 4-person household) would have as an impact. There is no information in the rate case notices that would

permit a customer with different usage levels to calculate the impact on their bill.[93] If customers were notified of PAWC's current rates at these usage level ranges, they would see that a water customer that uses 5,000 gal/month could expect to pay $115.34 a month and up to $211.44 a month using 10,000 gal/month.[94]

Q. WHY DID YOU CHOOSE 5,000 AND 10,000 GALLONS PER MONTH FOR ADDITIONAL USAGE LEVELS?

A. I selected those amounts as an estimate that falls at or near the middle of a range of typical water usage for 2 and 4-person households and a range of daily usage of 50-100 gallons per day (gpd). This information comes from *Penn State Extension: Estimating Water Needs* indicates that a minimum estimate of 50 gallons per person per day and a higher estimate of 100 gallons per person per day results in a monthly usage range of approximately 3,000–6,000 gallons for a two-person household and 6,000–12,000 gallons for a four-person household in a 30-day month. Selecting values near the midpoint of these ranges provides a reasonable way to illustrate how the proposed rate increases would affect customers at different usage levels.[95]

Customers should be able to clearly see how a proposed acquisition would affect their bills at realistic household usage levels. Without transparent examples, it becomes difficult for customers to understand the potential impact on their essential utility costs. For this reason, investor-owned utilities acquiring municipal systems under Section 1329

[93] Appendix 18d.
[94] Response to OCA-3-4.
[95] https://extension.psu.edu/water-system-planning-estimating-water-needs

should be required to provide notice showing bill impacts at usage levels of 5,000 and 10,000 gallons per month.

F. Easements

Q. DID PAWC INDICATE WHETHER THE AUTHORITY HAS IDENTIFIED ALL REAL ESTATE, INCLUDING LEASES, EASEMENT RIGHTS, AND ACCESS TO PUBLIC RIGHTS-OF-WAYS THAT MUST BE TRANSFERRED TO PAWC?

A. It is anticipated that any leases, easements and access to public rights-of-way the Buyer will need to provide water service will be conveyed at closing time. In addition, since the Authority plans to dissolve on or shortly after closing, Section 10.4(b) of the APA provides that the Authority will place $2,000,000 in escrow to cover any claims or damages of any PAWC Indemnified Party for a period of up to two years after closing.[96]

Q. WHY IS HAVING THE LAND RIGHTS TO ALL PARTS OF THE SYSTEM IMPORTANT?

A. Securing land rights across the entire system is essential for timely maintenance and emergency response. It enables the utility to act quickly without compromising the health or safety of customers or the system.

Q. DO YOU HAVE ANY OTHER RECOMMENDATIONS?

A. Yes. PAWC should not include the Authority's assets in its rate base until all outstanding easements are secured. Otherwise, ratepayers could be required to pay for assets—and a return on them—that PAWC does not fully own, which would not be in the public interest.

[96] Appendix 14-A PAWC Statement No.1-Direct Testimony Baer p. 12, ln. 14-17.

VII. Conclusion

Q. BASED ON YOUR ANALYSIS OF AFFIRMATIVE PUBLIC BENEFITS FROM THE PROPOSED TRANSACTION, WHAT DO YOU CONCLUDE?

A. While the proposed transaction may offer some public benefits, the Application as filed does not clearly establish that those benefits exceed the expected rate impacts. Therefore, the Application should be denied. If approval is granted, conditions should be adopted to lessen the transaction's adverse effects, although those conditions would not completely remedy the harm.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS FOR CONDITIONS ON APPROVAL OF THE APPLICATION.

A. If the Commission decides to approve the application, the following recommended conditions should be adopted because they are reasonable and appropriate.

- PAWC will separately identify all its closing costs by category, including any outside legal fees when it makes a claim for recovery in its next base rate case, and will not be permitted to claim any transaction and closing costs incurred by the Authority.

- PAWC will include rate impacts at a usage level range of 5,000 gallons and 10,000 gallons used a month in its customer notices moving forward.

- PAWC will track and quantify the cost of capital improvements into two categories: (1) those necessary capital improvements – defined as bringing the system into: (i) conformity with PUC standards; and (ii) environmental compliance – capital improvements; and (2) the costs associated with integrating the system into Company-wide standards.

- PAWC will include the monthly or quarterly estimated volumetric charge, as well as the DSIC impact under PAWC ownership in its customer notices moving forward.

- PAWC will not be permitted to include the Authority's assets on its rate base until it acquires all outstanding easements.

- PAWC will mail a welcome letter to the acquired customers within 30 days after closing that provides information about its low-income programs, including a description of the available programs, eligibility and requirements, and PAWC's contact information. PAWC will provide the same information in a bill insert that is sent within the first 90 days after closing.

  PAWC will contribute an additional $80,000 annually to its existing H2O Help hardship fund for five years following the closing. These contributions will not be recovered through customer rates. Any unspent funds at the end of each program year will roll over and be added to the hardship grant program's budget for the following year(s). This approach ensures a tangible benefit to both PAWC's current and newly acquired customers, providing a modest offset to the rate increases associated with the approval of this acquisition.

- At the time of filing its next base rate case, PAWC will submit a cost-of-service study that removes all costs and revenues associated with the operation of the Authority's system and will also provide a separate cost of service study for the Authority's system.

- PAWC shall file an amended LTIIP including the Authority's customers within 90 days of closing. The proposed projects reflected in the amended LTIIP should be in addition to, and not re-prioritize, any capital improvements that PAWC has already committed to undertake for existing customers. PAWC should not include System-related investments in its DSIC until PAWC collects a DSIC from System customers.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to modify if necessary.

Exhibit LMW-1
Qualification of LeeAnn Wise

Qualifications of LeeAnn Wise

Education:
2008 Masters of Business Administration, Shippensburg University
1989 B.S. Professional Accountancy, Pennsylvania State University

Relevant Positions:
March 2025 Senior Regulatory Analyst, Pennsylvania Office of Consumer Advocate

Role Description:
I am currently employed by the Pennsylvania Office of Attorney General, Office of Consumer Advocate (OCA) as a Senior Regulatory Analyst. In this position, my responsibilities include reviewing utility company filings with the Pennsylvania Public Utility Commission (Commission) and analyzing the financial, economic, rate of return, and policy issues that are relevant to the filings. Additionally, I am tasked with preparing recommendations for the OCA's involvement in utility filings with the PA PUC, writing testimony and presenting oral testimony on behalf of the OCA. As part of my role, I also assist in the policy matters regarding low-income issues and customer service subjects.

Relevant Training: I have over fifteen years of experience overseeing and evaluating customer service operations of utility-affiliated and third-party call centers. This includes time at Comcast as Senior Finance Manager, where I provided oversight of performance metrics, evaluating disputes and time to resolve, call-handle times, average speed of answer, and ensuring customer interactions align to policy standards. My training includes a sound understanding of the best practices in customer service delivery, call tracking protocols, and the importance of consistent documentation to support customer communication and reliability.

Related Training:

IPU Michigan State University, IPU Accounting and Ratemaking Course July 2025

Previous Cases Submitted Testimony:
- Wellsboro Electric, Docket No. R-2025-3054392
- Citizens' Electric, Docket No. R-2025-3054394
- Valley Energy, Docket No. R-2025-3054393
- Pittsburgh Water, Docket No. R-2025-3055010, R-2025-3055011, R-2025-3055012
- PA American Acquisition of CUPA A-2025-3055551
- York Water Company Docket No. R-2025-3053442, R-2025-3053573
- Conneaut Lake Park Water Docket No. P-2024-3051855, I-204-3051857
- City of Lancaster-Water Department Docket No. R-2025-3057237
- PPL Electric Utilities Corporation Docket No. R-2025-30557165
- National Fuel Gas Docket No. Rr-2025-3059428

Payment Number	Beg Balance	Payment	Interest	Principal	Ending Balance	# Customers
1	$ 10,000,000	$ 50,596	$ 16,667	$ 33,929	$ 9,966,071	**2389**
2	$ 9,966,071	$ 50,596	$ 16,610	$ 33,986	$ 9,932,085	
3	$ 9,932,085	$ 50,596	$ 16,553	$ 34,043	$ 9,898,042	
4	$ 9,898,042	$ 50,596	$ 16,497	$ 34,099	$ 9,863,943	
5	$ 9,863,943	$ 50,596	$ 16,440	$ 34,156	$ 9,829,787	
6	$ 9,829,787	$ 50,596	$ 16,383	$ 34,213	$ 9,795,574	
7	$ 9,795,574	$ 50,596	$ 16,326	$ 34,270	$ 9,761,304	
8	$ 9,761,304	$ 50,596	$ 16,269	$ 34,327	$ 9,726,977	
9	$ 9,726,977	$ 50,596	$ 16,212	$ 34,384	$ 9,692,592	
10	$ 9,692,592	$ 50,596	$ 16,154	$ 34,442	$ 9,658,151	
11	$ 9,658,151	$ 50,596	$ 16,097	$ 34,499	$ 9,623,652	
12	$ 9,623,652	$ 50,596	$ 16,039	$ 34,557	$ 9,589,095	
13	$ 9,589,095	$ 50,596	$ 15,982	$ 34,614	$ 9,554,481	
14	$ 9,554,481	$ 50,596	$ 15,924	$ 34,672	$ 9,519,809	
15	$ 9,519,809	$ 50,596	$ 15,866	$ 34,730	$ 9,485,079	
16	$ 9,485,079	$ 50,596	$ 15,808	$ 34,788	$ 9,450,292	
17	$ 9,450,292	$ 50,596	$ 15,750	$ 34,846	$ 9,415,446	
18	$ 9,415,446	$ 50,596	$ 15,692	$ 34,904	$ 9,380,543	
19	$ 9,380,543	$ 50,596	$ 15,634	$ 34,962	$ 9,345,581	
20	$ 9,345,581	$ 50,596	$ 15,576	$ 35,020	$ 9,310,561	
21	$ 9,310,561	$ 50,596	$ 15,518	$ 35,078	$ 9,275,482	
22	$ 9,275,482	$ 50,596	$ 15,459	$ 35,137	$ 9,240,346	
23	$ 9,240,346	$ 50,596	$ 15,401	$ 35,195	$ 9,205,150	
24	$ 9,205,150	$ 50,596	$ 15,342	$ 35,254	$ 9,169,896	
25	$ 9,169,896	$ 50,596	$ 15,283	$ 35,313	$ 9,134,583	
26	$ 9,134,583	$ 50,596	$ 15,224	$ 35,372	$ 9,099,212	
27	$ 9,099,212	$ 50,596	$ 15,165	$ 35,431	$ 9,063,781	
28	$ 9,063,781	$ 50,596	$ 15,106	$ 35,490	$ 9,028,291	
29	$ 9,028,291	$ 50,596	$ 15,047	$ 35,549	$ 8,992,742	
30	$ 8,992,742	$ 50,596	$ 14,988	$ 35,608	$ 8,957,134	
31	$ 8,957,134	$ 50,596	$ 14,929	$ 35,667	$ 8,921,467	
32	$ 8,921,467	$ 50,596	$ 14,869	$ 35,727	$ 8,885,740	
33	$ 8,885,740	$ 50,596	$ 14,810	$ 35,786	$ 8,849,953	
34	$ 8,849,953	$ 50,596	$ 14,750	$ 35,846	$ 8,814,107	
35	$ 8,814,107	$ 50,596	$ 14,690	$ 35,906	$ 8,778,202	
36	$ 8,778,202	$ 50,596	$ 14,630	$ 35,966	$ 8,742,236	
37	$ 8,742,236	$ 50,596	$ 14,570	$ 36,026	$ 8,706,210	
38	$ 8,706,210	$ 50,596	$ 14,510	$ 36,086	$ 8,670,125	
39	$ 8,670,125	$ 50,596	$ 14,450	$ 36,146	$ 8,633,979	
40	$ 8,633,979	$ 50,596	$ 14,390	$ 36,206	$ 8,597,773	
41	$ 8,597,773	$ 50,596	$ 14,330	$ 36,266	$ 8,561,506	
42	$ 8,561,506	$ 50,596	$ 14,269	$ 36,327	$ 8,525,180	
43	$ 8,525,180	$ 50,596	$ 14,209	$ 36,387	$ 8,488,792	

44	$	8,488,792	$	50,596	$	14,148	$	36,448	$ 8,452,344
45	$	8,452,344	$	50,596	$	14,087	$	36,509	$ 8,415,835
46	$	8,415,835	$	50,596	$	14,026	$	36,570	$ 8,379,266
47	$	8,379,266	$	50,596	$	13,965	$	36,631	$ 8,342,635
48	$	8,342,635	$	50,596	$	13,904	$	36,692	$ 8,305,944
49	$	8,305,944	$	50,596	$	13,843	$	36,753	$ 8,269,191
50	$	8,269,191	$	50,596	$	13,782	$	36,814	$ 8,232,377
51	$	8,232,377	$	50,596	$	13,721	$	36,875	$ 8,195,502
52	$	8,195,502	$	50,596	$	13,659	$	36,937	$ 8,158,565
53	$	8,158,565	$	50,596	$	13,598	$	36,998	$ 8,121,566
54	$	8,121,566	$	50,596	$	13,536	$	37,060	$ 8,084,506
55	$	8,084,506	$	50,596	$	13,474	$	37,122	$ 8,047,384
56	$	8,047,384	$	50,596	$	13,412	$	37,184	$ 8,010,201
57	$	8,010,201	$	50,596	$	13,350	$	37,246	$ 7,972,955
58	$	7,972,955	$	50,596	$	13,288	$	37,308	$ 7,935,647
59	$	7,935,647	$	50,596	$	13,226	$	37,370	$ 7,898,277
60	$	7,898,277	$	50,596	$	13,164	$	37,432	$ 7,860,845
61	$	7,860,845	$	50,596	$	13,101	$	37,495	$ 7,823,351
62	$	7,823,351	$	50,596	$	13,039	$	37,557	$ 7,785,794
63	$	7,785,794	$	50,596	$	12,976	$	37,620	$ 7,748,174
64	$	7,748,174	$	50,596	$	12,914	$	37,682	$ 7,710,492
65	$	7,710,492	$	50,596	$	12,851	$	37,745	$ 7,672,746
66	$	7,672,746	$	50,596	$	12,788	$	37,808	$ 7,634,938
67	$	7,634,938	$	50,596	$	12,725	$	37,871	$ 7,597,067
68	$	7,597,067	$	50,596	$	12,662	$	37,934	$ 7,559,133
69	$	7,559,133	$	50,596	$	12,599	$	37,997	$ 7,521,135
70	$	7,521,135	$	50,596	$	12,535	$	38,061	$ 7,483,075
71	$	7,483,075	$	50,596	$	12,472	$	38,124	$ 7,444,950
72	$	7,444,950	$	50,596	$	12,408	$	38,188	$ 7,406,763
73	$	7,406,763	$	50,596	$	12,345	$	38,251	$ 7,368,511
74	$	7,368,511	$	50,596	$	12,281	$	38,315	$ 7,330,196
75	$	7,330,196	$	50,596	$	12,217	$	38,379	$ 7,291,817
76	$	7,291,817	$	50,596	$	12,153	$	38,443	$ 7,253,374
77	$	7,253,374	$	50,596	$	12,089	$	38,507	$ 7,214,867
78	$	7,214,867	$	50,596	$	12,025	$	38,571	$ 7,176,296
79	$	7,176,296	$	50,596	$	11,960	$	38,636	$ 7,137,660
80	$	7,137,660	$	50,596	$	11,896	$	38,700	$ 7,098,961
81	$	7,098,961	$	50,596	$	11,832	$	38,764	$ 7,060,196
82	$	7,060,196	$	50,596	$	11,767	$	38,829	$ 7,021,367
83	$	7,021,367	$	50,596	$	11,702	$	38,894	$ 6,982,473
84	$	6,982,473	$	50,596	$	11,637	$	38,959	$ 6,943,515
85	$	6,943,515	$	50,596	$	11,573	$	39,023	$ 6,904,491
86	$	6,904,491	$	50,596	$	11,507	$	39,089	$ 6,865,403
87	$	6,865,403	$	50,596	$	11,442	$	39,154	$ 6,826,249

88	$ 6,826,249	$ 50,596	$ 11,377	$ 39,219	$ 6,787,030
89	$ 6,787,030	$ 50,596	$ 11,312	$ 39,284	$ 6,747,746
90	$ 6,747,746	$ 50,596	$ 11,246	$ 39,350	$ 6,708,396
91	$ 6,708,396	$ 50,596	$ 11,181	$ 39,415	$ 6,668,981
92	$ 6,668,981	$ 50,596	$ 11,115	$ 39,481	$ 6,629,500
93	$ 6,629,500	$ 50,596	$ 11,049	$ 39,547	$ 6,589,953
94	$ 6,589,953	$ 50,596	$ 10,983	$ 39,613	$ 6,550,340
95	$ 6,550,340	$ 50,596	$ 10,917	$ 39,679	$ 6,510,662
96	$ 6,510,662	$ 50,596	$ 10,851	$ 39,745	$ 6,470,917
97	$ 6,470,917	$ 50,596	$ 10,785	$ 39,811	$ 6,431,106
98	$ 6,431,106	$ 50,596	$ 10,719	$ 39,877	$ 6,391,228
99	$ 6,391,228	$ 50,596	$ 10,652	$ 39,944	$ 6,351,284
100	$ 6,351,284	$ 50,596	$ 10,585	$ 40,011	$ 6,311,274
101	$ 6,311,274	$ 50,596	$ 10,519	$ 40,077	$ 6,271,196
102	$ 6,271,196	$ 50,596	$ 10,452	$ 40,144	$ 6,231,052
103	$ 6,231,052	$ 50,596	$ 10,385	$ 40,211	$ 6,190,841
104	$ 6,190,841	$ 50,596	$ 10,318	$ 40,278	$ 6,150,563
105	$ 6,150,563	$ 50,596	$ 10,251	$ 40,345	$ 6,110,218
106	$ 6,110,218	$ 50,596	$ 10,184	$ 40,412	$ 6,069,806
107	$ 6,069,806	$ 50,596	$ 10,116	$ 40,480	$ 6,029,326
108	$ 6,029,326	$ 50,596	$ 10,049	$ 40,547	$ 5,988,779
109	$ 5,988,779	$ 50,596	$ 9,981	$ 40,615	$ 5,948,165
110	$ 5,948,165	$ 50,596	$ 9,914	$ 40,682	$ 5,907,482
111	$ 5,907,482	$ 50,596	$ 9,846	$ 40,750	$ 5,866,732
112	$ 5,866,732	$ 50,596	$ 9,778	$ 40,818	$ 5,825,914
113	$ 5,825,914	$ 50,596	$ 9,710	$ 40,886	$ 5,785,028
114	$ 5,785,028	$ 50,596	$ 9,642	$ 40,954	$ 5,744,074
115	$ 5,744,074	$ 50,596	$ 9,573	$ 41,023	$ 5,703,051
116	$ 5,703,051	$ 50,596	$ 9,505	$ 41,091	$ 5,661,960
117	$ 5,661,960	$ 50,596	$ 9,437	$ 41,159	$ 5,620,801
118	$ 5,620,801	$ 50,596	$ 9,368	$ 41,228	$ 5,579,573
119	$ 5,579,573	$ 50,596	$ 9,299	$ 41,297	$ 5,538,276
120	$ 5,538,276	$ 50,596	$ 9,230	$ 41,366	$ 5,496,910
121	$ 5,496,910	$ 50,596	$ 9,162	$ 41,434	$ 5,455,476
122	$ 5,455,476	$ 50,596	$ 9,092	$ 41,504	$ 5,413,972
123	$ 5,413,972	$ 50,596	$ 9,023	$ 41,573	$ 5,372,400
124	$ 5,372,400	$ 50,596	$ 8,954	$ 41,642	$ 5,330,758
125	$ 5,330,758	$ 50,596	$ 8,885	$ 41,711	$ 5,289,046
126	$ 5,289,046	$ 50,596	$ 8,815	$ 41,781	$ 5,247,265
127	$ 5,247,265	$ 50,596	$ 8,745	$ 41,851	$ 5,205,415
128	$ 5,205,415	$ 50,596	$ 8,676	$ 41,920	$ 5,163,494
129	$ 5,163,494	$ 50,596	$ 8,606	$ 41,990	$ 5,121,504
130	$ 5,121,504	$ 50,596	$ 8,536	$ 42,060	$ 5,079,444
131	$ 5,079,444	$ 50,596	$ 8,466	$ 42,130	$ 5,037,314

132	$ 5,037,314	$ 50,596	$ 8,396	$ 42,200	$ 4,995,113
133	$ 4,995,113	$ 50,596	$ 8,325	$ 42,271	$ 4,952,843
134	$ 4,952,843	$ 50,596	$ 8,255	$ 42,341	$ 4,910,501
135	$ 4,910,501	$ 50,596	$ 8,184	$ 42,412	$ 4,868,089
136	$ 4,868,089	$ 50,596	$ 8,113	$ 42,483	$ 4,825,607
137	$ 4,825,607	$ 50,596	$ 8,043	$ 42,553	$ 4,783,054
138	$ 4,783,054	$ 50,596	$ 7,972	$ 42,624	$ 4,740,429
139	$ 4,740,429	$ 50,596	$ 7,901	$ 42,695	$ 4,697,734
140	$ 4,697,734	$ 50,596	$ 7,830	$ 42,766	$ 4,654,968
141	$ 4,654,968	$ 50,596	$ 7,758	$ 42,838	$ 4,612,130
142	$ 4,612,130	$ 50,596	$ 7,687	$ 42,909	$ 4,569,221
143	$ 4,569,221	$ 50,596	$ 7,615	$ 42,981	$ 4,526,240
144	$ 4,526,240	$ 50,596	$ 7,544	$ 43,052	$ 4,483,188
145	$ 4,483,188	$ 50,596	$ 7,472	$ 43,124	$ 4,440,064
146	$ 4,440,064	$ 50,596	$ 7,400	$ 43,196	$ 4,396,868
147	$ 4,396,868	$ 50,596	$ 7,328	$ 43,268	$ 4,353,600
148	$ 4,353,600	$ 50,596	$ 7,256	$ 43,340	$ 4,310,260
149	$ 4,310,260	$ 50,596	$ 7,184	$ 43,412	$ 4,266,848
150	$ 4,266,848	$ 50,596	$ 7,111	$ 43,485	$ 4,223,363
151	$ 4,223,363	$ 50,596	$ 7,039	$ 43,557	$ 4,179,806
152	$ 4,179,806	$ 50,596	$ 6,966	$ 43,630	$ 4,136,177
153	$ 4,136,177	$ 50,596	$ 6,894	$ 43,702	$ 4,092,474
154	$ 4,092,474	$ 50,596	$ 6,821	$ 43,775	$ 4,048,699
155	$ 4,048,699	$ 50,596	$ 6,748	$ 43,848	$ 4,004,851
156	$ 4,004,851	$ 50,596	$ 6,675	$ 43,921	$ 3,960,930
157	$ 3,960,930	$ 50,596	$ 6,602	$ 43,994	$ 3,916,935
158	$ 3,916,935	$ 50,596	$ 6,528	$ 44,068	$ 3,872,867
159	$ 3,872,867	$ 50,596	$ 6,455	$ 44,141	$ 3,828,726
160	$ 3,828,726	$ 50,596	$ 6,381	$ 44,215	$ 3,784,511
161	$ 3,784,511	$ 50,596	$ 6,308	$ 44,288	$ 3,740,223
162	$ 3,740,223	$ 50,596	$ 6,234	$ 44,362	$ 3,695,861
163	$ 3,695,861	$ 50,596	$ 6,160	$ 44,436	$ 3,651,424
164	$ 3,651,424	$ 50,596	$ 6,086	$ 44,510	$ 3,606,914
165	$ 3,606,914	$ 50,596	$ 6,012	$ 44,584	$ 3,562,330
166	$ 3,562,330	$ 50,596	$ 5,937	$ 44,659	$ 3,517,671
167	$ 3,517,671	$ 50,596	$ 5,863	$ 44,733	$ 3,472,938
168	$ 3,472,938	$ 50,596	$ 5,788	$ 44,808	$ 3,428,130
169	$ 3,428,130	$ 50,596	$ 5,714	$ 44,882	$ 3,383,247
170	$ 3,383,247	$ 50,596	$ 5,639	$ 44,957	$ 3,338,290
171	$ 3,338,290	$ 50,596	$ 5,564	$ 45,032	$ 3,293,258
172	$ 3,293,258	$ 50,596	$ 5,489	$ 45,107	$ 3,248,151
173	$ 3,248,151	$ 50,596	$ 5,414	$ 45,182	$ 3,202,968
174	$ 3,202,968	$ 50,596	$ 5,338	$ 45,258	$ 3,157,711
175	$ 3,157,711	$ 50,596	$ 5,263	$ 45,333	$ 3,112,377

176	$ 3,112,377	$ 50,596	$ 5,187	$ 45,409	$ 3,066,969
177	$ 3,066,969	$ 50,596	$ 5,112	$ 45,484	$ 3,021,484
178	$ 3,021,484	$ 50,596	$ 5,036	$ 45,560	$ 2,975,924
179	$ 2,975,924	$ 50,596	$ 4,960	$ 45,636	$ 2,930,288
180	$ 2,930,288	$ 50,596	$ 4,884	$ 45,712	$ 2,884,576
181	$ 2,884,576	$ 50,596	$ 4,808	$ 45,788	$ 2,838,787
182	$ 2,838,787	$ 50,596	$ 4,731	$ 45,865	$ 2,792,923
183	$ 2,792,923	$ 50,596	$ 4,655	$ 45,941	$ 2,746,982
184	$ 2,746,982	$ 50,596	$ 4,578	$ 46,018	$ 2,700,964
185	$ 2,700,964	$ 50,596	$ 4,502	$ 46,094	$ 2,654,870
186	$ 2,654,870	$ 50,596	$ 4,425	$ 46,171	$ 2,608,698
187	$ 2,608,698	$ 50,596	$ 4,348	$ 46,248	$ 2,562,450
188	$ 2,562,450	$ 50,596	$ 4,271	$ 46,325	$ 2,516,125
189	$ 2,516,125	$ 50,596	$ 4,194	$ 46,402	$ 2,469,722
190	$ 2,469,722	$ 50,596	$ 4,116	$ 46,480	$ 2,423,243
191	$ 2,423,243	$ 50,596	$ 4,039	$ 46,557	$ 2,376,685
192	$ 2,376,685	$ 50,596	$ 3,961	$ 46,635	$ 2,330,051
193	$ 2,330,051	$ 50,596	$ 3,883	$ 46,713	$ 2,283,338
194	$ 2,283,338	$ 50,596	$ 3,806	$ 46,790	$ 2,236,548
195	$ 2,236,548	$ 50,596	$ 3,728	$ 46,868	$ 2,189,679
196	$ 2,189,679	$ 50,596	$ 3,649	$ 46,947	$ 2,142,733
197	$ 2,142,733	$ 50,596	$ 3,571	$ 47,025	$ 2,095,708
198	$ 2,095,708	$ 50,596	$ 3,493	$ 47,103	$ 2,048,605
199	$ 2,048,605	$ 50,596	$ 3,414	$ 47,182	$ 2,001,423
200	$ 2,001,423	$ 50,596	$ 3,336	$ 47,260	$ 1,954,163
201	$ 1,954,163	$ 50,596	$ 3,257	$ 47,339	$ 1,906,824
202	$ 1,906,824	$ 50,596	$ 3,178	$ 47,418	$ 1,859,406
203	$ 1,859,406	$ 50,596	$ 3,099	$ 47,497	$ 1,811,909
204	$ 1,811,909	$ 50,596	$ 3,020	$ 47,576	$ 1,764,333
205	$ 1,764,333	$ 50,596	$ 2,941	$ 47,655	$ 1,716,677
206	$ 1,716,677	$ 50,596	$ 2,861	$ 47,735	$ 1,668,942
207	$ 1,668,942	$ 50,596	$ 2,782	$ 47,814	$ 1,621,128
208	$ 1,621,128	$ 50,596	$ 2,702	$ 47,894	$ 1,573,234
209	$ 1,573,234	$ 50,596	$ 2,622	$ 47,974	$ 1,525,260
210	$ 1,525,260	$ 50,596	$ 2,542	$ 48,054	$ 1,477,206
211	$ 1,477,206	$ 50,596	$ 2,462	$ 48,134	$ 1,429,072
212	$ 1,429,072	$ 50,596	$ 2,382	$ 48,214	$ 1,380,858
213	$ 1,380,858	$ 50,596	$ 2,301	$ 48,295	$ 1,332,563
214	$ 1,332,563	$ 50,596	$ 2,221	$ 48,375	$ 1,284,188
215	$ 1,284,188	$ 50,596	$ 2,140	$ 48,456	$ 1,235,732
216	$ 1,235,732	$ 50,596	$ 2,060	$ 48,536	$ 1,187,196
217	$ 1,187,196	$ 50,596	$ 1,979	$ 48,617	$ 1,138,578
218	$ 1,138,578	$ 50,596	$ 1,898	$ 48,698	$ 1,089,880
219	$ 1,089,880	$ 50,596	$ 1,816	$ 48,780	$ 1,041,101

220	$	1,041,101	$	50,596	$	1,735	$	48,861	$ 992,240
221	$	992,240	$	50,596	$	1,654	$	48,942	$ 943,297
222	$	943,297	$	50,596	$	1,572	$	49,024	$ 894,274
223	$	894,274	$	50,596	$	1,490	$	49,106	$ 845,168
224	$	845,168	$	50,596	$	1,409	$	49,187	$ 795,981
225	$	795,981	$	50,596	$	1,327	$	49,269	$ 746,711
226	$	746,711	$	50,596	$	1,245	$	49,351	$ 697,360
227	$	697,360	$	50,596	$	1,162	$	49,434	$ 647,926
228	$	647,926	$	50,596	$	1,080	$	49,516	$ 598,410
229	$	598,410	$	50,596	$	997	$	49,599	$ 548,811
230	$	548,811	$	50,596	$	915	$	49,681	$ 499,130
231	$	499,130	$	50,596	$	832	$	49,764	$ 449,366
232	$	449,366	$	50,596	$	749	$	49,847	$ 399,519
233	$	399,519	$	50,596	$	666	$	49,930	$ 349,589
234	$	349,589	$	50,596	$	583	$	50,013	$ 299,575
235	$	299,575	$	50,596	$	499	$	50,097	$ 249,479
236	$	249,479	$	50,596	$	416	$	50,180	$ 199,298
237	$	199,298	$	50,596	$	332	$	50,264	$ 149,035
238	$	149,035	$	50,596	$	248	$	50,348	$ 98,687
239	$	98,687	$	50,596	$	164	$	50,432	$ 48,256
240	$	48,256	$	50,596	$	80	$	50,516	$ (2,260)

Cost per Customer	Monthly Payment
$ 21.18	**$ 50,596.00**

Exhibit LMW-3

PAWC Exhibit JAF-2

Indian Creek Valley Water Authority - 5 year Capital Plan
8/7/2025

	2026	2027	2028	2029	2030	
IP Level CAPEX	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Production facilities						
Replace Mill Run WTP - Property/Engineering				$ 650,000	$ 650,000	$ 1,300,000
Total Yearly IP CAPEX	**$ -**	**$ -**	**$ -**	**$ 650,000**	**$ 650,000**	**$ 1,300,000**

	2026	2027	2028	2029	2030	
RP Level CAPEX	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
A - Mains - New	$ 636,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 780,000
B - Mains - Replaced / Restored	$ -	$ 360,000	$ 360,000	$ 360,000	$ 360,000	$ 1,440,000
C - Mains - Unscheduled	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000
D - Mains - Relocated	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000
E - Hydrants, Valves, and Manholes - New	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 40,000
F - Hydrants, Valves, and Manholes - Replaced	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 120,000
G - Services and Laterals - New	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 1,125,000
H - Services and Laterals - Replaced	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 100,000
I - Meters - New	$ 22,500	$ 22,500	$ 22,500	$ 22,500	$ 22,500	$ 112,500
J - Meters - Replaced	$ 487,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 517,500
K - ITS Equipment and Systems	$ 47,000	$ 17,000	$ 1,000	$ 1,000	$ 1,000	$ 67,000
L - SCADA Equipment and Systems	$ 500,000	$ 500,000	$ 10,000	$ 10,000	$ 10,000	$ 1,030,000
M - Security Equipment and Systems	$ 225,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 265,000
N - Offices and Operations Centers	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 25,000
O - Vehicles	$ 160,000	$ 100,000	$ -	$ 100,000	$ -	$ 360,000
P - Tools and Equipment	$ 40,000	$ 25,000	$ 25,000	$ 10,000	$ 10,000	$ 110,000
Q - Process Plant Facilities and Equipment	$ 250,000	$ 370,000	$ 446,000	$ 311,000	$ 311,000	$ 1,688,000
R - Capitalized Tank Rehab & Painting		$ 250,000				
S - Planning Study	$ 150,000	$ 120,000	$ -	$ -	$ -	$ 270,000
Total Yearly RP CAPEX	**$ 2,900,000**	**$ 2,200,000**	**$ 1,300,000**	**$ 1,250,000**	**$ 1,150,000**	**$ 8,550,000**
Total Yearly IP and RP CAPEX	**$ 2,900,000**	**$ 2,200,000**	**$ 1,300,000**	**$ 1,900,000**	**$ 1,800,000**	**$ 10,100,000**

Pennsylvania
Department of
Environmental Protection
Southwest Regional Office

July 3, 2025

DELIVERED VIA EMAIL

Indian Creek Valley Water Authority
R. Kerry Witt
2019 Indian Head Road
Indian Head, PA 15446

Re: Violation of the Pennsylvania Safe Drinking Water Act and Regulations
PWSID No. 5260011
Indian Creek Valley Water Authority
Saltlick Township, Fayette County

Dear Mr. Witt:

On May 11, 2025, the Department conducted an inspection of the Indian Creek Valley Water Authority. During this inspection, multiple violations were marked as corrected or abated; however, upon further review it was determined that these violations were marked as resolved in error. As such, the following violations remain unresolved and the Department's records will be corrected accordingly:

1. C1A violation of 25 Pa. Code § 109.602 which noted "the filter plant (referring to the Grimm Spring water treatment plant) is not staffed continuously while the plant is operating and is not equipped with shutdown capabilities; which does not meet the design standards set forth in the Public Water Supply Manual..." Department records indicate that facilities needed to resolve this violation, namely: 1) an automatic valve located after the clearwell; and 2) the proposed 15,000-gallon tank to maintain water pressure and service to all customers should the valve need to close (refer to construction permit 2621507-A1). To date, these devices have not been installed.
2. C1A violation of 25 Pa. Code § 109.602 which noted "incompatible chemicals are not stored, fed and handled separately." This violation is in reference to the Mill Run water treatment plant, which continues to include storage for multiple incompatible chemicals (potassium permanganate, lime, powdered activated carbon, and polyaluminum chloride) within the same room.

If you have any questions concerning this matter, please contact me at 412-442-4209 or johnt@pa.gov.

Sincerely,

John W. Thomas
Environmental Group Manager
Bureau of Safe Drinking Water

Pennsylvania
Department of
Environmental Protection

Jul 10, 2025

NOTICE OF VIOLATION

KERRY WITT
POBOX 486 2019 INDIAN HEAD RD
INDIAN HEAD, PA 15446
Violation ID #: 8240436, 8240437, 8240438, 8240439, 8240441, 8240442

Re: Violations Identified During Inspection
INDIAN CREEK VALLEY WATER AUTH
PWS ID No. 5260011
Saltlick Township, Fayette County

Dear Water Supplier:

On Jul 2, 2025, an inspection of the above facility found the following violation(s):

1. Description: FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT

   FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT. According to Department records the filter media was completely replaced without a permit. To date the Department has not received a permit application.

   Citation: 25 PA Code, §109.501

2. Description: FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT

   FAILURE OF A PUBLIC WATER SYSTEM TO OBTAIN A PERMIT. System does not have a true CFE. CFE is currently calculated by taking the mathematical average of the two IFE's. System should contact DEP's technical section to discuss what is required to use a flow-weighted average or to install a CFE turbidimeter.

   Citation: 25 PA Code, §109.501

3. Description: OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES

   The clearwell does not have an alarm for low tank levels. As the system's contact segment, this is required in accordance with 25 Pa Code Chapters 109.602(f) and 109.602(i)(2)(iii).

   Citation: 25 PA Code, §109.4

4. Description: OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES

   OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES. The water system does not implement a filter bed evaluation that is acceptable to the Department, in accordance with 25 Pa. Code Chapter 109.703(b)(5). This violation has been elevated to a significant deficiency due to corrections not being made since its citation.

   Citation: 25 PA Code, §109.4

5. Description: OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES

   OTHER VIOLATIONS DEEMED TO BE SIGNIFICANT DEFICIENCIES. Alarms are not being tested/recorded quarterly. All alarms must be tested and recorded at least quarterly in accordance with 25 Pa Code Chapter 109.703(c)(1).

   Citation: 25 PA Code, §109.4

6. Description: CHRONIC FAILURE TO MONITOR

   CHRONIC FAILURE TO MONITOR. System does not calculate a true CFE. Therefore, the CFE being reported is not adequate. Tier 3 Public Notification is required to be issued and repeated until this violation is properly addressed.

   Citation: 25 PA Code, §109.301

The Department has determined that these violation(s) meet the definition of a significant deficiency or are contributing to a significant deficiency as described in Title 25 Pa. Code § 109.1 of the Department's regulations. Regulatory requirements for responding to a significant deficiency are contained in Title 25 Pa. Code § 109.717.

In order to comply with Title 25 Pa. Code Chapter 109, it is recommended you:

- By Aug 9, 2025: Consult with the Department regarding the appropriate corrective action.
- By Aug 24, 2025: Respond in writing to significant deficiencies, indicating how and on what schedule the system will address significant deficiencies.
- By Nov 7, 2025: Correct all significant deficiencies.
- Notify the Department that a deficiency has been corrected within 30 days of completion of the corrective action.

Any violation of Title 25 Pa. Code 109 could result in further enforcement action, including civil and criminal penalties. Each day the violation continues constitutes a separate offense.

This Notice of Violation is neither an order nor any other final action of the Department of Environmental Protection. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the Department determines that an enforcement action is appropriate, you will be notified of the action.

If you have any questions concerning this matter, please contact me at amanhart@pa.gov or 724-925-5500.

Sincerely,

APRIL MARIE MANHART

3800-FM-WSFR0106 Rev. 2/2006

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

WATER SUPPLY INSPECTION REPORT

FACILITY NAME:	PWS ID NO.:	INSPECTION DATE:
Indian Creek Valley Water Authority	5260011	January 08, 2008
FACILITY LOCATION/ADDRESS: 2068 Indian Head Road / Indian Head, PA 15446	COUNTY: Fayette	MUNICIPALITY: Saltlick Township
RESPONSIBLE OFFICIAL'S NAME: R. Kerry Witt	TELEPHONE NO.: 724-445-2905	
	SYSTEM TYPE: CWS	POPULATION: ~6,500
CERTIFIED OPERATOR'S NAME: R. Kerry Witt / Paul R. Benton	FIELD ORDER NO.: N/A	
	ISSUE DATE (MM/DD/YY): N/A	

VIOLATIONS

A1. Failure to respond to an emergency		C2. Failure to conduct performance monitoring		INSPECTION TIME	
A2. Failure of key treatment processes		C3. Failure to treat as permitted		START:	
A3. Failure to respond to an acute violation		C4. Failure to operate and maintain PWS		STOP:	
B1. Failure to provide an adequate supply		C5. Failure to obtain certified operator			
B2. Failure to provide min. disinfectant residual		C6. Improper interruption/repair		INSPECTION TYPE	
B3. Failure to respond to PMCL/TT violation		C7. Failure to comply with permit condition		FULL	X
B4. Failure to comply with an Order		D1. Reports/Records/Maps		PARTIAL	
B5. Failure to obtain a permit		D2. No operation and maintenance plan		COMPLAINT	
C1. Failure to meet design/construction stds.		E1. Other		FOLLOW-UP	

NARRATIVE:

The Mill Run water plant needs several upgrades including the addition of a rapid mixing unit, replacement of filter media, providing a surface wash unit for filter backwashes, additional clearwell capacity, connection to the SCADA system, and other issues as addressed in the most recent filter plant performance evaluation. Upgrades are also needed for the proper discharge of wastewater.

The chlorine safety equipment at the Mill Run plant is inadequate. There should be at least 2 masks and fresh air cylinders, and the air cylinder that is present expired in 1992. Furthermore, the chlorine room should include a fresh air recharge system.

There is an airlock in the line to filter 3 at the Grimm spring plant that needs to be remedied.

Tracer studies should be conducted on all of the system's clearwells (including the White Mountain Tank).

Calibrate all turbidimeters quarterly (last calibration 10-10-07, therefore recalibration is currently due).

Ensure that all chemicals are meet NSF/ANSI Standard 60 (no listing on sodium hypochlorite containers).

Verify that screens are in place on the overflow lines to all of the system's standpipes (some were missing or damaged).

Greensand filtration with permanganate regeneration is being added to the Neal Run Well treatment plant.

WATER QUALITY SAMPLING POINT LOCATION	SAMPLE NUMBER	pH	CHLORINE F	CHLORINE T	TURBIDITY	OTHER ____	COLLECTION TIME	SAC #
Authority office			0.60	0.66				

Kathy Fullem — RECEIVED BY (SIGNATURE AND DATE)

[signature] 1/8/8 — INVESTIGATOR (SIGNATURE AND DATE)

BKH — SUPV. INITIALS

1676549 — eFACTS INSPECTION ID NO.

N/A — eFACTS VIOLATION ID NO.

YES — PADWIS UPDATED

☐ White - District Office ☒ Yellow - Regional Office ☐ Pink - Public Water Supplier

3900-FM-BSDW0106 6/2013

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

Pg 1 of 5

WATER SUPPLY INSPECTION REPORT

FACILITY NAME	PWS ID NO.	INSPECTION DATE
INDIAN CREEK VALLEY WATER AUTH	5260011	9/29-30 & 10/6/2015
FACILITY LOCATION/ADDRESS	**COUNTY**	**MUNICIPALITY**
2019 INDIAN HEAD RD INDIAN HEAD 15446	FAYETTE	SALTLICK...
RESPONSIBLE OFFICIAL'S NAME	**TELEPHONE NO.** 724	
R. KERRY WITT	**SYSTEM TYPE** CWS	**POPULATION** 8,100
CERTIFIED OPERATOR'S NAME	**FIELD ORDER NO.**	
R. KERRY WITT	**ISSUE DATE (MM/DD/YY)**	

VIOLATIONS

A1.	Failure to respond to an emergency		C1.	Failure to meet design/construction stds.	✓
A2.	Failure of key treatment processes		C2.	Failure to conduct performance monitoring	
A3.	Failure to respond to an acute violation		C3.	Failure to treat as permitted	
B1.	Failure to provide an adequate supply		C4.	Failure to operate and maintain PWS	
B2.	Failure to provide min. disinfectant residual		C5.	Failure to obtain certified operator	
B3.	Failure to respond to PMCL/TT violation		C6.	Improper interruption/repair	
B4.	Failure to comply with an Order		C7.	Failure to comply with permit condition	
B5.	Failure to obtain a permit		D1.	Reports/Records/Maps	
B6.	Other significant deficiencies		E1.	Other	

eFACTS INFO
Insp. ID#: 2414612
Vid. ID#: 736528

INSPECTION TYPE	
FULL	✓
PARTIAL	
COMPLAINT	
FOLLOWUP	

NARRATIVE

C1 – THE MILL RUN WTP DOES NOT MEET CURRENT DESIGN STANDARDS. CURRENT DEFICIENCIES INCLUDE NO WILDLIFE CONTROLS ON THE RESERVOIR, PARTIALLY FLOODED RAW PUMP STATION, NO RAPID MIX SYSTEM, NO SECONDARY CONTAINMENT OF TREATMENT CHEMICALS, CLOSE PROXIMITY OF CHEMICAL FEED POINTS (POSSIBLE INTERACTION), NO JAR TESTING, NON-FLOW PACED CHEMICAL FEED, NON-FUNTIONING CARBON FEED SYSTEM (CURRENTLY MANUALLY FED), NON-DIGITAL pH ANALYSIS EQUIPMENT, NO VARIABLE SPEED MIXING IN FLOC CHAMBER, NO SLUDGE REMOVAL SYSTEM FOR SEDIMENTATION BASIN, NO WILDLIFE CONTROL FOR SEDIMENTATION BASIN, NO SETTLED WATER TURBIDITY MONITORING, NO ROUTINE FILTER EVALUATIONS FOR MEDIA CONDITION/DEPTH/ETC, AGED FILTER MEDIA (1973), EXTENDED BACKWASH INTERVALS (SHOULD BE <72 HRS, WHEN NTU >0.1), NO STANDARD BACKWASH PROCEDURE, NO SURFACE WASH OR AIR SCOUR, MINIMAL FREEBOARD, NO METERS FOR BACKWASH WATER OR INDIVIDUAL FILTER EFFLUENTS, NO NPDES PERMIT FOR DISCHARGE OF WASTEWATER, NO TRACER STUDY OF CLEARWELL, POSSIBLE INSUFFICIENT GIARDIA INACTIVATION IN COLDER SEASON, INSUFFICIENT CLEARWELL VOLUME, DETERIORATED CLEARWELL VENTS, NO SCADA SYSTEM, NON-CALIBRATED METERS, INSUFFICIENT CHLORINE SAFETY EQUIPMENT (LEAK DETECTION, SCBAs, REPAIR KIT NOT AVAILABLE), NON-CALIBRATED CHLORINE SCALE, NO AUTO SWITCHOVER OF CHLORINE CYLINDERS, & NO SMOKE DETECTORS AT THE FACILITY.

109.602-606 & 109.4

WATER QUALITY SAMPLING POINT LOCATION	SAMPLE NUMBER	pH	CHLORINE F	CHLORINE T	TURBIDITY	OTHER ___	COLLECTION TIME	SAC #
OFFICE			0.78				9/29/15 1040	
MILL RUN EP			1.43				9/29/15 1230	
GRIMM EP / PRITTS EP			1.10 / 1.12				9/30/15 0930 / 1045	
NEAL RUN EP / OHIOPYLE TRAIL			1.42 / 0.88		0.16		9/30/15 1130 / 0945 10/6/15	

R Kerry Witt
RECEIVED BY (PRINT NAME)

R Kerry Witt
RECEIVED BY (SIGNATURE AND DATE)

JOHN W THOMAS
INVESTIGATOR (PRINT NAME)

John W Thomas 10/6/15
INVESTIGATOR (SIGNATURE AND DATE)

PV
SUPV. INITIALS

10/13/15
PADWIS UPDATED

☐ White - District Office ☑ Yellow - Regional Office ☐ Pink - Public Water Supplier

3800-FM-WSFR0132 9/2005

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

Narrative Description Form for Water Supply Systems
(Consultation, etc.)

Facility Name: Indian Creek Valley Water Authority	Date: 9/29-30 10/6 2015	PWS No.: 5260011
Address: 2019 Indian Head Rd Indian Head 15446	City, Boro, Twp.: Saltlick	County: Fayette

Item No.

Near Run deficiencies — meters not calibrated, no raw/in-plant monitoring for iron & manganese, no personnel present during backwashes. Also recommend submitting application to revise GWR permit limitations for increased flow.

Pritts/Grimm deficiencies — meters not calibrated, no meters on individual filters, screen to spring overflow damaged (Pritts), sand depth not monitored, filter bed not refilled from below, no tracer studies on clearwell/White Mountain, no declorination on clearwell overflow (Grimm), no automatic shutdown or diversion based upon high turbidity. ~~Recommend [illegible] Turbidity Meters (for entire system, inc. UV)~~

Tank deficiencies — 3 tanks leaking/able to leak (Pleasant Hill - above water level & plans to replace; McClure - at base; 381 - 2 leaks on seam), no mixing systems despite freezing, Cl2 damage on 4 tanks (Clinton, Maple Summit, McClure, Rich Hill overflows damaged; Rich Hill also bulged near middle on few panels), no fence around 3 tanks (Henry, Pleasant Hill, Ohiopyle), 2 tanks need repainted (Ohiopyle & Henry), 2 tanks no sample tap (Ohiopyle, Maple Summit). Additional deficiencies at Ohiopyle include ~~im~~properly secured ladder cage, insufficient roof drainage & plant growth on roof, and no SCADA connection.

Pump station deficiencies — Hatch to Clinton station needs repairs (leaking); non-secured power switches at Normalville, White, Pritts & Maple Summit; not all stations include meters, pressure gauges, & air relief valves; Amp/volt measurements not taken/recorded; pressures not recorded at all PS.

Distribution deficiencies — elevated water loss (~30%), no permit for bulk water connection

Air gaps not present on all turbidimeter/Cl-17 waste lines.

Received By (Signature and Date) — Investigator (Signature and Date) — Supervisor's Initials

Digitally signed by PV
DN: cn=PV, o=PADEP - SWRO - New Stanton DO, ou=Paul Vogel - SDW Program, email=pvogel@pa.gov, c=US
Date: 2015.10.22 09:02:21 -04'00'

☐ White – District Office ☐ Yellow – Regional Office ☐ Pink - Facility ☐ Goldenrod – Central Office

3800-FM-WSFR0132 9/2005

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

Narrative Description Form for Water Supply Systems
(Consultation, etc.)

Facility Name:	Indian Creek Valley Water Auth	Date: 9/29-30/10/6/2015	PWS No.: 5260011
Address:	2019 Indian Head Rd Indian Head 15446	City, Boro, Twp.: Sarltick...	County: Fayette

Item No.	
	Additional generators able to operate pumps/treatment should be provided (1 portable available — 1 permanent at each spring) ↳ to provide power to 2 treatment plants & associated pumps as well as 5 pump stations).
	Operations & Maintenance and Emergency Response Plans should be reviewed/updated annually.
	All facilities should be inspected daily
	Written asset management plan recommended
	All entry points should be properly labelled with appropriate EP numbers.
	Coliform sample site plan should be updated for revised total coliform rule requirements.

Rusty Watt 10/6/15
Received By (Signature and Date)

[signature] 10/6/15
Investigator (Signature and Date)

PV
Supervisor's Initials

Digitally signed by PV
DN: cn=PV, o=PADEP - SWRO - New Stanton DO, ou=Pad Mygd - SDW Program, email=pvogel@pa.gov, c=US
Date: 2015.10.22 09:04:24 -04'00'

☐ White – District Office ☐ Yellow – Regional Office ☐ Pink - Facility ☐ Goldenrod – Central Office

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name	**PWSID No**	**Inspection Date**
INDIAN CREEK VALLEY WATER AUTH	5260011	2019-11-19
Facility Location 2019 INDIAN HEAD RD INDIAN HEAD PA 15446	**County** Fayette	**Municipality** Saltlick
Responsible Officials Name KERRY WITT R.	**Telephone:** (724) 455-2905	
	SystemType: Community	**Population:** 7000
Certified Operator name ----	**Field Order Number:** ----	
	Issue Date(mm/dd/yy): ----	

Person(s) Interviewed

Name: R. KERRY WITT	**Title:** RESPONSIBLE OFFICIAL

eFACTS info

Inspection ID: 2960196	**Inspection Type:** RTPT

Minor Deficiency

2A- TREATMENT PLANT

GENERAL INFORMATION

WTP - 302 - MILL RUN PLANT

The chemical storage containers do not have secondary containment sufficient to hold the volume of the largest tank to prevent accidental discharge in the event of a spill or overflow. This does not meet the design standards set forth in the Public Water Supply Manual.

2B- CONVENTIONAL FILTRATION

PRETREATMENT

WTP - 302 - MILL RUN PLANT

The raw water turbidimeter is not calibrated at least quarterly and/or according to manufactur-

er specified procedures.

2B- CONVENTIONAL FILTRATION

FILTRATION

WTP - 302 - MILL RUN PLANT

The IFE and/or CFE turbidimeters have not been calibrated within the past 90 days using EPA approved primary standards.

2B- CONVENTIONAL FILTRATION

FILTRATION

WTP - 302 - MILL RUN PLANT

There are obvious depressions or mounds of media visible in the filters.

2B- CONVENTIONAL FILTRATION

FILTRATION

WTP - 302 - MILL RUN PLANT

The filter is visibly losing media over the backwash trough during the high rate wash.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Potassium permanganate, hydrated lime, carbon

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

The chemical feed pump plastic tubing is not as short as possible and/or is not stroke-adjustable to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Chemical injection points are not labeled.

2G- CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDATION

CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

The dry chemical feeders do not completely enclose chemicals to prevent emissions of dust to the operating room, which does not meet the design standards set forth in the Public Water Supply Manual.

2J- CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

There is no automatic chlorine leak detector with an alarm.

2J- CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP - 302 - MILL RUN PLANT

Automatic switchover equipment is not available for when chlorine gas cylinders expire.

General Comments

Any changes to the plant that are not considered routine maintenance requires the submittal and approval of a permit application. Filter media replacement requires a permit to be submitted to the Department.

PAC should not be hand-dosed by an operator. System should use automated feeder to dose carbon.

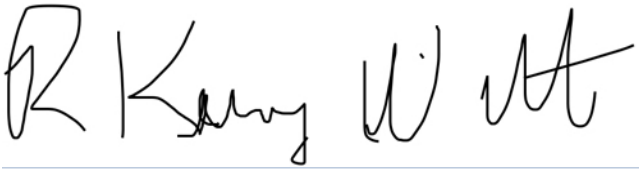
Contact Clean Water about discharging clearwell during chlorine.

No chlorine gas leak alarm seen in chlorine room. Extra canisters not labeled as full or empty.

11/19/2019 meeting Kerry noted expired chlorine packets have been replaced with new packets.

Chemicals stay onsite for use when the plant opens back up.

Signatures

Received by(Print Name): R. KERRY WITT	Received By Signature: 
Investigator (Print Name): SELINA PRETTNER	

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name	PWSID No	Inspection Date
INDIAN CREEK VALLEY WATER AUTH	5260011	2022-06-16

Facility Location	County	Municipality
2019 INDIAN HEAD RD INDIAN HEAD, PA 15446-1100	Fayette	Saltlick

Responsible Officials Name	Telephone: (724) 455-2905	
KERRY WITT	**System Type:** Community	**Population:** 7000
Certified Operator Name	**Field Order Number:** ----	
WITT KERRY R	**Issue Date (mm/dd/yy):** ----	

Person(s) Interviewed

Name: Brent Miller	**Title:** Operator
Name: Kerry Witt	**Title:** Responsible Official

eFACTS info

Inspection ID: 3422352	**Inspection Type** RTNC

Violations

B6A - 25 PA Code, Chapter 109.4

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

OTHER SIGNIFICANT DEFICIENCIES

B6a: Violations exist that are deemed to be a significant deficiency relating to the treatment plant or treatment processes, which is a violation of Title 25 Pa. Code 109.4.

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the treatment plant or treatment processes, which is a violation of Title 25 Pa. Code 109.4.

System hand doses carbon every 15-30 minutes. Hand-dosing is not permitted and was previously noted that it is not permitted on the November 19, 2019.

B6A - 25 PA Code, Chapter 109.4

2E - SLOW SAND FILTRATION

WTP:301 - GRIMM SPRING PLANT

OTHER SIGNIFICANT DEFICIENCIES

B6a: Violations exist that are deemed to be a significant deficiency relating to the slow sand filtration treatment. This is a violation of Title 25 Pa. Code 109.4.

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the slow sand filtration treatment. This is a violation of Title 25 Pa. Code 109.4.

Plant is unable to determine when the CFE turbidities go over 2.0NTU as 2.0 NTU is the highest they can go.

B6F - 25 PA Code, Chapter 109.304(a)

2J - CHLORINE DISINFECTION

WTP:301 - GRIMM SPRING PLANT

CT INFORMATION

B6f: The water system is chronically failing to adhere to approved analytical methods for pH and/or temperature measurements used in calculating the log inactivation, which is a violation of Title 25 Pa. Code 109.304(a).

Remarks: B6f: The water system is chronically failing to adhere to approved analytical methods for pH and/or temperature measurements used in calculating the log inactivation, which is a violation of Title 25 Pa. Code 109.304(a).

System is not measuring pH every day for log inactivation calculations.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Remarks: Incompatible chemicals are not stored, fed and handled separately. This does not meet the design standards set forth in the Public Water Supply Manual.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

The dry chemical feeders do not completely enclose chemicals to prevent emissions of dust to the operating room, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The dry chemical feeders do not completely enclose chemicals to prevent emissions of dust to the operating room, which does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

1A - GROUNDWATER AND GUDI SOURCES

SRC:001 - PRITTS SPRING

SPRINGS

The spring vents, overflow pipe and/or supply intake pipe are not screened, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The spring vents, overflow pipe and/or supply intake pipe are not screened, which does not meet the design standards set forth in the Public Water Supply Manual.

Overflow screen is compromised. This could potentially be a source of the frogs entering the spring house.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

Remarks: Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

There is extra space around the chemical feed tube into the chemical container. This was previously noted in the November 19, 2019 inspection.

C1A - 25 PA Code, Chapter 109.602

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

The chemical storage tanks do not have secondary containment sufficient to hold the volume of 110% of the largest tank to prevent accidental discharge in the event of a spill or overflow. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical storage tanks do not have secondary containment sufficient to hold the volume of 110% of the largest tank to prevent accidental discharge in the event of a spill or overflow. This does not meet the design standards set forth in the Public Water Supply Manual.

This was previously noted in the November 19, 2019 inspection report.

C1F - 25 PA Code, Chapter 109.608

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

GENERAL INFORMATION

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

C3E - 25 PA Code, Chapter 109.703(b)(5)

2B - CONVENTIONAL FILTRATION

WTP:302 - MILL RUN PLANT

FILTRATION

Remarks: The water system does not implement a filter bed evaluation that is acceptable to the Department.

C3F - 25 PA Code, Chapter 109.703(c)

8 - SYSTEM MANAGEMENT

DS:001 - SALTLICK TWP

ALARMS & SHUTDOWNS

The alarm and shutdown capabilities are not tested quarterly.

Remarks: The alarm and shutdown capabilities are not tested quarterly.

Alarms are tested but are not recorded.

C4A - 25 PA Code, Chapter 109.4

1A - GROUNDWATER AND GUDI SOURCES

SRC:001 - PRITTS SPRING

SPRINGS

The spring box is not maintained.

Remarks: The spring box is not maintained.

The spring house is cracked and in need of repairs. The structure I has several large cracks in it.

C4A - 25 PA Code, Chapter 109.4

2A - TREATMENT PLANT

WTP:302 - MILL RUN PLANT

CHEMICALS AND EQUIPMENT

Chemical injection points are not labeled.

Remarks: Chemical injection points are not labeled.

This was previously noted in the November 19, 2019 inspection.

D1F - 25 PA Code, Chapter 109.703(b)

8 - SYSTEM MANAGEMENT

DS:001 - SALTLICK TWP

FILTRATION RECORDS

Remarks: The water system is failing to maintain records relating to the implementation of their filter bed evaluation program.

D2E - 25 PA Code, Chapter 109.1107(a)(1)

8 - SYSTEM MANAGEMENT

DS:001 - SALTLICK TWP

PLANS, MAPS, AND REPORTS

The water system does not have a Lead and Copper Rule Sample Siting Plan that contains all required elements.

Remarks: The water system does not have a Lead and Copper Rule Sample Siting Plan that contains all required elements.

System lists that they have tier 1 sites, however, no tier 1 sites were sampled according to the lead and copper plan.

D3 - 25 PA Code, Chapter 109.701(i)

6 - MONITORING AND REPORTING

DS:001 - SALTLICK TWP

METHOD 334.0

Remarks: D3: The water system does not report the minimum chlorine reading taken from the on-line analyzer each day. This is a failure to accurately report data and is a violation of Title 25 Pa. Code 109.701(i).

D3 - 25 PA Code, Chapter 109.701(i)

2E - SLOW SAND FILTRATION

WTP:301 - GRIMM SPRING PLANT

FILTRATION

The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

Remarks: The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

They are able to read 0-2.0 NTU

Outstanding Violations

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: Failure to notify DEP of spring house vandalism.

B6A - 25 PA Code, Chapter 109.4

Remarks: Following the vandalism of the locks being cut, it was noticed that the spring house is covered in graffiti and beer cans are covered on the ground

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

The system discovered that the locks on the spring door and hatch were cut on Monday, March 21, 2022, but the incident was not reported to the Department until Tuesday, March 22, 2022.
A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

B6A - 25 PA Code, Chapter 109.4

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

There is evidence that the spring area has been used as a gathering spot as seen by the graffiti on the concrete wall and spring box. There are only 3 locks to protect the spring from vandals, which the incident discovered on March 21, 2022 demonstrated the locks do not deter vandals. This can put the source at risk and should be investigated.
B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

Minor Deficiencies

1A - GROUNDWATER AND GUDI SOURCES

SOURCE WATER QUANTITY

SRC-001-PRITTS SPRING

Remarks: Source valves and/or meters are not maintained.

1A - GROUNDWATER AND GUDI SOURCES

SOURCE WATER QUANTITY

SRC-002-GRIMM SPRING

Remarks: Source valves and/or meters are not maintained.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: The well casing does not extend 18" above the ground surface, which does not meet the design standards set forth in the Public Water Supply Manual.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all raw water cross connections.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: The well is constructed in a pit, which does not meet the design standards set forth in the Public Water Supply Manual.

1A - GROUNDWATER AND GUDI SOURCES

WELLHEAD

SRC-004-NEAL RUN WELL

Remarks: The well pit is not visually inspected after heavy rain events to confirm that the pit remains dry.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

The instrumentation measuring flow rates is not calibrated/functioning properly.

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

Meters are not calibrated.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

There is no air gap between the turbidimeter waste line and the drain.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-300-PRITTS SPRING PLANT

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-300-PRITTS SPRING PLANT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

Remarks: Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

The opening used to feed the tubing through is left open.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-300-PRITTS SPRING PLANT

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-300-PRITTS SPRING PLANT

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

Pipes are color-coded but do not have arrows for water flow.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

There is no check valve between the raw water and treated water. This should be addressed in the new plant.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-301-GRIMM SPRING PLANT

There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

SOPs have been started, but have not been completed.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

Remarks: Chemical container lids do not fit tightly, which does the meet the design standards set forth in the Public Water Supply Manual.

The opening used to feed the tubing through is left open.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

The tubing droops for the chemical feed

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-302-MILL RUN PLANT

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-302-MILL RUN PLANT

Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Supplies are ordered.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-302-MILL RUN PLANT

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Sternpac, kmno4,

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

The chemical feed pump does not operate with water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The chemical feed pump does not operate with water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

All chemical feeds are not based on flow.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: The chemical feed rate is not proportional to the water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There is no means to measure water flow in order to determine chemical feed rates, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There are signs of cracks and/or breaks in the dry chemical hopper.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

There are no directional arrows.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Remarks: Cross-connection controls are not in place between potable and nonpotable water in the treatment plant.

Inspect plant to identify and resolve all cross-connections.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-303-NEAL RUN WELL PLANT

Remarks: There is no SOP for process control decisions if the SCADA or PLC system is inoperable.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

Incompatible chemicals are not stored, fed and handled separately. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Incompatible chemicals are not stored, fed and handled separately. This does not meet the design standards set forth in the Public Water Supply Manual.

Potassium permanganate and sodium hypochlorite are stored together.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Chlorine container does not have a tight-fitting cover where the pump feed line goes in.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Day tanks are not labeled to designate the chemical contained in them, which does not meet the design standards set forth in the Public Water Supply Manual.

Potassium permanganate is not labeled.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-303-NEAL RUN WELL PLANT

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

The treatment plant is not clean and/or in good repair.

Remarks: The treatment plant is not clean and/or in good repair.

Floor is very rusted all over.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Remarks: The instrumentation measuring flow rates is not calibrated/functioning properly.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: Appropriate safety equipment is not provided in the treatment plant, which does not meet the design standards set forth in the Public Water Supply Manual.

Safety equipment has been ordered.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Remarks: Plant piping is not color-coded and/or labeled to differentiate between finished, raw and waste water flow and direction.

2A - TREATMENT PLANT

GENERAL INFORMATION

WTP-304-OHIOPYLE PUMP ST

Remarks: Cross-connection controls in the treatment plant are not inspected at least annually.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-304-OHIOPYLE PUMP ST

There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: There is no method to measure the volume in the day tanks, which does not meet the design standards set forth in the Public Water Supply Manual.

The container is clear to be able to see inside.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-304-OHIOPYLE PUMP ST

Remarks: The chemical feed pump plastic tubing is not as short as possible and/or is not sloped to permit draining, which does not meet the design standards set forth in the Public Water Supply Manual.

2A - TREATMENT PLANT

CHEMICALS AND EQUIPMENT

WTP-304-OHIOPYLE PUMP ST

Remarks: The chemical feed rate is not proportional to the water flow, which does not meet the design standards set forth in the Public Water Supply Manual.

2B - CONVENTIONAL FILTRATION

PRETREATMENT

WTP-302-MILL RUN PLANT

Remarks: The plant does not have a plant-specific strategy for determining an appropriate coagulant dosage.

2B - CONVENTIONAL FILTRATION

PRETREATMENT

WTP-302-MILL RUN PLANT

Remarks: Spare parts are not available for the static/rapid mix units.

2B - CONVENTIONAL FILTRATION

FLOCCULATION

WTP-302-MILL RUN PLANT

Flow is not evenly distributed among the flocculation basins and/or is not verified with a calibrated flow meter.

Remarks: Flow is not evenly distributed among the flocculation basins and/or is not verified with a calibrated flow meter.

Not verified with calibrated flow meter.

2B - CONVENTIONAL FILTRATION

SEDEMENTATION/CLARIFICATION

WTP-302-MILL RUN PLANT

Remarks: Flow is not evenly distributed among the sedimentation basins and/or is not verified using a calibrated flow meter. Failure to equally distribute water at uniform velocities does not meet the design standards set forth in the Public Water Supply Manual.

2B - CONVENTIONAL FILTRATION

SEDEMENTATION/CLARIFICATION

WTP-302-MILL RUN PLANT

Remarks: Operators do not have preventative measures in place to prevent waterfowl from using the sedimentation basins.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Remarks: Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Not verified with calibrated flow meters.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Remarks: Operators do not track the length of filter runs for each filter.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Filter effluent flow rater meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rater meters are not calibrated and/or functioning properly.

There are no flow meters located at the filter effluent.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Access to the clearwell is not secured and/or water tight.

Remarks: Access to the clearwell is not secured and/or water tight.

Clearwell was open when inspectors walked into the plant.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

Remarks: There are cracks, holes or peeling paint visible inside the clearwell.

2B - CONVENTIONAL FILTRATION

FILTRATION

WTP-302-MILL RUN PLANT

The most recent inspection of the clearwell by the water system identified the need to remove sediment or issues with the structural integrity of the clearwell and these issues have not been corrected.

Remarks: The most recent inspection of the clearwell by the water system identified the need to remove sediment or issues with the structural integrity of the clearwell and these issues have not been corrected.

Sediment buildup in the clearwell.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

Remarks: The CFE turbidimeter and recording device are not capable of reading and recording turbidities higher than 2.0 NTU.

They are able to read 0-2.0 NTU

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

The plant does not run continuously, which may impacting the plants' ability to form a schmutzdecke and produce properly filtered water.

Remarks: The plant does not run continuously, which may impacting the plants' ability to form a schmutzdecke and produce properly filtered water.

Plant shuts off based on tank levels

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Remarks: Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

There are no flow meters on filter influent.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: The water system does not implement a filter bed evaluation that is acceptable to the Department.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

Remarks: There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

In progress

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Remarks: When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Raw water is used to refill filters.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: Operators scrape the filters during the winter months. This may impact the plants' ability to form a schmutzdecke and produce properly filtered water.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: The date of the last media depth measurement is not known, this information should be indicated on the plant's operating reports or maintenance records.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Filter effluent flow rater meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rater meters are not calibrated and/or functioning properly.

No filter effluent flow meter

2E - SLOW SAND FILTRATION

FILTRATION

WTP-300-PRITTS SPRING PLANT

Remarks: The water system does not inspect the interior of the clearwell.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

Remarks: Flow is not evenly distributed among the filters and/or verified with calibrated flow meters.

There are no flow meters for filter influent.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: The water system does not implement a filter bed evaluation that is acceptable to the Department.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

Remarks: There is no written standard operating procedure (SOP) determining when the filters should be cleaned/scraped.

An SOP is in progress for this.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Remarks: When refilling filters following a cleaning/scraping, the filters are not refilled from the bottom using filtered water.

Raw water is used to refill filters.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: Operators scrape the filters during the winter months. This may impact the plants' ability to form a schmutzdecke and produce properly filtered water.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: The date of the last media depth measurement is not known, this information should be indicated on the plant's operating reports or maintenance records.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Filter effluent flow rater meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rater meters are not calibrated and/or functioning properly.

There are no flow meters on filter effluent.

2E - SLOW SAND FILTRATION

FILTRATION

WTP-301-GRIMM SPRING PLANT

Remarks: The water system does not inspect the interior of the clearwell.

2G - CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDA

IRON AND MANGANESE

WTP-303-NEAL RUN WELL PLANT

Filter effluent flow rate meters are not calibrated and/or functioning properly.

Remarks: Filter effluent flow rate meters are not calibrated and/or functioning properly.

There are no flow meters on filter effluent.

2G - CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDA

IRON AND MANGANESE

WTP-303-NEAL RUN WELL PLANT

Remarks: There is no written standard operating procedure (SOP) outlining criteria for determining when a filter backwash should occur.

2G - CHEMICAL ADDITION, CORROSION CONTROL, IRON AND MANGANESE TREATMENT AND FLUORIDA

IRON AND MANGANESE

WTP-303-NEAL RUN WELL PLANT

Remarks: The date of the last iron and manganese filter media replacement is not known, this information should be indicted on the plant's operating reports of maintenance records.

2H - ION EXCHANGE, AERATION AND ACTIVATED CARBON

GRANULAR ACTIVATED CARBON

WTP-302-MILL RUN PLANT

The granular activated carbon units are not operating in accordance with manufacturer specifications.

Remarks: The granular activated carbon units are not operating in accordance with manufacturer specifications.

System is hand-dosing carbon every 15-30 minutes which is not permitted.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-300-PRITTS SPRING PLANT

The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

Remarks: The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

Calibrations are not logged for instrumentation.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-300-PRITTS SPRING PLANT

Flow rate meters used to collect measurements needed to calculate log inactivation are not calibrated and/or functioning properly.

Remarks: Flow rate meters used to collect measurements needed to calculate log inactivation are not calibrated and/or functioning properly.

Flow rate meters are not calibrated.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-300-PRITTS SPRING PLANT

The date of the last flow rate meter calibration is not known for the flow rate meter needed for CT calculations, this information should be indicated on the plant's operating reports or maintenance records.

Remarks: The date of the last flow rate meter calibration is not known for the flow rate meter needed for CT calculations, this information should be indicated on the plant's operating reports or maintenance records.

Flow rate meters are not calibrated. The ones used to calculate Log G are located after disinfection.

2J - CHLORINE DISINFECTION

NONGASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-301-GRIMM SPRING PLANT

Remarks: The date of the oldest chlorine product is not known, information specific to chemicals used should be properly documented.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: Flow rate meters used to collect measurements needed to calculate log inactivation are not calibrated and/or functioning properly.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-301-GRIMM SPRING PLANT

Remarks: The date of the last flow rate meter calibration is not known for the flow rate meter needed for CT calculations, this information should be indicated on the plant's operating reports or maintenance records.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There is not a bottle of concentrated ammonium hydroxide available for leak detection in the chlorine room, which does not meet the design standards set forth in the Public Water Supply Manual.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: There is no automatic chlorine leak detector with an alarm.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

The water system does not have a safety plan, an onsite self-contained breathing apparatus, and/or a contract with a local HAZMAT response team in case of emergency, which does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The water system does not have a safety plan, an onsite self-contained breathing apparatus, and/or a contract with a local HAZMAT response team in case of emergency, which does not meet the design standards set forth in the Public Water Supply Manual.

There should be an in-depth plan created. There is no leak detection in the chlorine room.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: Automatic switchover equipment is not available for when chlorine gas cylinders expire.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

There is no written SOP for chlorine gas cylinder change-out.

Remarks: There is no written SOP for chlorine gas cylinder change-out.

An SOP for gas chlorine cylinder change was not located during the inspection. If the system has an SOP in place, send it to the Department.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: A chlorine gas cylinder leak repair kit is not available, which does not meet the design standards set forth in the Public Water Supply Manual.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: The chlorine gas cylinder scales are not maintained and/or are not calibrated.

2J - CHLORINE DISINFECTION

GASEOUS CHLORINE DISINFECTION CHEMICALS AND EQUIPMENT

WTP-302-MILL RUN PLANT

Remarks: The date of the last chlorine gas cylinder scale calibration is not known, this information should be indicated on the plant's operating reports or maintenance records.

2J - CHLORINE DISINFECTION

CT INFORMATION

WTP-302-MILL RUN PLANT

Remarks: The instrumentation used for measuring pH and temperature is not calibrated and/or not functioning properly.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-001-SALTLICK TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-001-SALTLICK TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-001-SALTLICK TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-001-SALTLICK TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-001-SALTLICK TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-002-SPRINGFIELD TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-002-SPRINGFIELD TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-002-SPRINGFIELD TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-002-SPRINGFIELD TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-002-SPRINGFIELD TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-003-DONEGAL TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-003-DONEGAL TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-003-DONEGAL TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-003-DONEGAL TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-003-DONEGAL TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-004-BULLSKIN TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-004-BULLSKIN TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-004-BULLSKIN TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-004-BULLSKIN TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-004-BULLSKIN TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-005-CONNELLSVILLE TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-005-CONNELLSVILLE TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-005-CONNELLSVILLE TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-005-CONNELLSVILLE TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-005-CONNELLSVILLE TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-006-STEWART TWP

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-006-STEWART TWP

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-006-STEWART TWP

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-006-STEWART TWP

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-006-STEWART TWP

Remarks: The water system receives customer complaints from dead end service areas.

3 - DISTRIBUTION SYSTEM

PRESSURE ZONES

DS-007-OHIOPYLE BOROUGH

Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

Remarks: Pressure drops below 20 psig and/or rises above 150 psig at points within the distribution main.

35-320 psi

3 - DISTRIBUTION SYSTEM

VALVES

DS-007-OHIOPYLE BOROUGH

Remarks: There are no written procedures for isolating portions of the system and repairing mains.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-007-OHIOPYLE BOROUGH

Remarks: Distribution system unaccounted for water is more than 15% of the total production.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-007-OHIOPYLE BOROUGH

Remarks: Distribution system flushing is not unidirectional.

3 - DISTRIBUTION SYSTEM

OPERATIONS

DS-007-OHIOPYLE BOROUGH

Remarks: The water system receives customer complaints from dead end service areas.

4 - WATER STORAGE

CHLORINE CONTACT OR PRESSURE TANK

ST-001-MILL RUN CLEARWELL

The exterior coating of the storage tank is peeled, cracked, rusted or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted or in need of cleaning.

The clearwell hatch was left open when personnel entered during the inspection.

4 - WATER STORAGE

CHLORINE CONTACT OR PRESSURE TANK

ST-001-MILL RUN CLEARWELL

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all chlorine contact tank cross connections.

4 - WATER STORAGE

GENERAL GROUNDS

ST-002-HENRY STANDPIPE

The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

Remarks: The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

The tank is accessible from the road.

4 - WATER STORAGE

GENERAL GROUNDS

ST-002-HENRY STANDPIPE

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

There is water buildup around the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-002-HENRY STANDPIPE

There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

Remarks: There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

There is graffiti on the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-002-HENRY STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-002-HENRY STANDPIPE

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

There is rusting and graffiti on the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-003-PLEASANT HILL STDP

The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

Remarks: The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

There is an access point to the tank grounds from under the fence, next to the old storage building.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-003-PLEASANT HILL STDP

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

GENERAL GROUNDS

ST-004-CLINTON STANDPIPE

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

There is an active leak that is creating puddles around the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-004-CLINTON STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-004-CLINTON STANDPIPE

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

There is a crack in the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-004-CLINTON STANDPIPE

There is evidence of a structure leak in the storage tank.

Remarks: There is evidence of a structure leak in the storage tank.

There is an active leak.

4 - WATER STORAGE

GENERAL GROUNDS

ST-005-WHITE MOUNTAIN STAND

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Water is pooling near the hillside next to the tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-005-WHITE MOUNTAIN STAND

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-005-WHITE MOUNTAIN STAND

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Tank is rusting

4 - WATER STORAGE

STORAGE STRUCTURE

ST-006-COUNTY LINE STANDPIP

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-006-COUNTY LINE STANDPIP

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

In need of cleaning

4 - WATER STORAGE

GENERAL GROUNDS

ST-007-MCCLURE STANDPIPE

Remarks: There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-007-MCCLURE STANDPIPE

The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

Remarks: The exterior coating of the storage tank is peeled, cracked, rusted, covered in vegetation or in need of cleaning.

In need of cleaning

4 - WATER STORAGE

STORAGE STRUCTURE

ST-007-MCCLURE STANDPIPE

Remarks: The storage tank does not have sample taps at the tank's inlet and outlet to allow for sampling of water entering and leaving the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-009-RICH HILL STANDPIPE

Remarks: The overflow discharges are not screened, which does not meet the design standards set forth in the Public Water Supply Manual.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-009-RICH HILL STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-009-RICH HILL STANDPIPE

Remarks: External ladders and/or tank hatches are not locked, which does not meet the design standards set forth in the Public Water Supply Manual.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-010-ROUTE 381 STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-011-MAPLE SUMMIT STANDPI

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-011-MAPLE SUMMIT STANDPI

The interior of the storage structure is not protected from wildlife. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The interior of the storage structure is not protected from wildlife. This does not meet the design standards set forth in the Public Water Supply Manual.

There are holes in the overflow screen that can allow for the potential of wildlife to enter the finished water tank.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-012-GRIMM SPRING CLEARWL

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

4 - WATER STORAGE

GENERAL GROUNDS

ST-014-OHIOPYLE STANDPIPE

Remarks: The grounds surrounding the storage tank are not secure from unauthorized access. The grounds surrounding the storage tank should be secured or monitored from unauthorized access.

4 - WATER STORAGE

GENERAL GROUNDS

ST-014-OHIOPYLE STANDPIPE

The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

Remarks: The ground around the tank is not graded to prevent ponding of surface water within 50 ft. This does not meet the design standards set forth in the Public Water Supply Manual.

There is ponding around the tank.

4 - WATER STORAGE

GENERAL GROUNDS

ST-014-OHIOPYLE STANDPIPE

There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

Remarks: There is evidence of tampering or trespassing at the storage tank or the water system has investigated an incident of tampering/trespassing since the last sanitary survey.

The bottom of the tank all around contains graffiti and there is no fence to prevent trespassing.

4 - WATER STORAGE

STORAGE STRUCTURE

ST-014-OHIOPYLE STANDPIPE

Remarks: The water system does not inspect the interior of the storage tank. AWWA Standard M42 recommends that storage tanks are cleaned and inspected once every three years.

5 - PUMPS AND CONTROLS

PUMPING STATION

PST-001-MILL RUN LOW SERVICE

The pumping station is not kept clean, orderly, and in good repair.

Remarks: The pumping station is not kept clean, orderly, and in good repair.

There are active leaks into the pump station

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-001-MILL RUN LOW SERVICE

Remarks: The pumping station is not equipped with a discharge pressure gauge. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-001-MILL RUN LOW SERVICE

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-001-MILL RUN LOW SERVICE

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-002-MILL RUN BACKWASH PS

Remarks: The pumping station is not equipped with a discharge pressure gauge. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-002-MILL RUN BACKWASH PS

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-002-MILL RUN BACKWASH PS

Remarks: There are not spare pump parts or a replacement pump of proper capacity on site. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-002-MILL RUN BACKWASH PS

Remarks: Operational records for the pumping facility are not being maintained.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-002-MILL RUN BACKWASH PS

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-003-MILL RUN HIGH SERV

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-003-MILL RUN HIGH SERV

Remarks: There are not spare pump parts or a replacement pump of proper capacity on site. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

OPERATION AND MAINTENANCE

PST-003-MILL RUN HIGH SERV

Remarks: Operational records for the pumping facility are not being maintained.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-003-MILL RUN HIGH SERV

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-004-NORMALVILLE PUMP ST

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-005-WHITE PUMP STATION

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-006-NEAL RUN SERVICE PS

Remarks: There is not an air release valve between the source and check valve where the vertical turbine motor-driven pump is being used.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-006-NEAL RUN SERVICE PS

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-007-CLINTON PUMP STATION

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-008-OHIOPYLE PUMP ST

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-009-MAPLE SUMMIT PUMP ST

Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

They are not tested, and there is no air gap on the drain from the air relief valve.

5 - PUMPS AND CONTROLS

PUMPING EQUIPMENT

PST-010-PRITTS SPRING SERV P

Remarks: There is not an air release valve between the source and check valve where the vertical turbine motor-driven pump is being used.

5 - PUMPS AND CONTROLS

AUXILIARY POWER

PST-010-PRITTS SPRING SERV P

Remarks: Carbon monoxide detectors are not provided where generators are located in the pump station. This does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-010-PRITTS SPRING SERV P

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

5 - PUMPS AND CONTROLS

CONTROLS AND ALARMS

PST-011-NEAL RUN RECYCLING

Remarks: A pump failure alarm system is not present, which does not meet the design standards set forth in the Public Water Supply Manual.

5 - PUMPS AND CONTROLS

CROSS CONNECTION CONTROL

PST-011-NEAL RUN RECYCLING

Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

Remarks: Appropriate backflow prevention devices are not installed, maintained and/or tested on all cross connections within the pumping station.

They are not tested.

6 - MONITORING AND REPORTING

METHOD 334.0

DS-001-SALTLICK TWP

Remarks: There is no documentation for the most recent 12 months to demonstrate that, when available from the manufacturer, secondary standards have been used in accordance with EPA Method 334.0 to verify each handheld or benchtop instrument used for analysis of chlorine for compliance monitoring, comparison gram samples or to obtain results needed to calculate log inactivation.

6 - MONITORING AND REPORTING

METHOD 334.0

DS-001-SALTLICK TWP

There are no cross-connection controls in place between the on-line chlorine analyzer waste line and the drain.

Remarks: There are no cross-connection controls in place between the on-line chlorine analyzer waste line and the drain.

There are no air gaps.

6 - MONITORING AND REPORTING

PERFORMANCE MONITORING

DS-001-SALTLICK TWP

Remarks: The performance monitoring sample taps are not labeled.

8 - SYSTEM MANAGEMENT

FINANCIAL & ASSET MANAGEMENT

DS-001-SALTLICK TWP

Remarks: The water system does not have an Asset Management Plan.

8 - SYSTEM MANAGEMENT

GENERAL MANAGEMENT

DS-001-SALTLICK TWP

Remarks: Customer complaints are not logged.

8 - SYSTEM MANAGEMENT

GENERAL MANAGEMENT

DS-001-SALTLICK TWP

The water system does not conduct an evaluation of the water system annually.

Remarks: The water system does not conduct an evaluation of the water system annually.

A template can be found in the DEPs O&M.

8 - SYSTEM MANAGEMENT

GENERAL MANAGEMENT

DS-001-SALTLICK TWP

The water system is failing to properly disinfect facilities following construction, modification or repair.

Remarks: The water system is failing to properly disinfect facilities following construction, modification or repair.

Coliform samples are not taken after line replacements.

8 - SYSTEM MANAGEMENT

PLANS, MAPS, AND REPORTS

DS-001-SALTLICK TWP

Remarks: The date that the Operation and Maintenance Plan was last updated is not known, this information should be documented on the plan.

Operator Certification

COMMAND AND CONTROL

The standard operating procedures reviewed for completeness at the time of the inspection did not include a list of operators who may use the SOP to make process control decisions.

Remarks: The standard operating procedures reviewed for completeness at the time of the inspection did not include a list of operators who may use the SOP to make process control decisions.

COMMAND AND CONTROL

Standard operating procedures have not been approved by the operator-in-responsible-charge.

Remarks: Standard operating procedures have not been approved by the operator-in-responsible-charge.

COMMAND AND CONTROL

The standard operating procedures reviewed for completeness at the time of the inspection did not include the name of the operator-in-responsible-charge.

Remarks: The standard operating procedures reviewed for completeness at the time of the inspection did not include the name of the operator-in-responsible-charge.

CERTIFIED OPERATOR OVERVIEW

A copy of the available operators' certificate(s) are not displayed at the water system.

Remarks: A copy of the available operators' certificate(s) are not displayed at the water system.

Certificates were available onsite, they just are not displayed yet.

General Comments

Grimm Spring has a generator located inside the plant. It is tested every Monday. There is no carbon monoxide alarm and the ventilation in the room is not functional. The system stated that the plans of a new plant will address these issues. A solution should be in place in the interim to protect employees.

At the Grimm Plant, there is no air gap on the Cl-17 in the plant. The system should investigate if there is an air gap present on that line, or if it is a cross-connection.

Filter 2 at Grimm Spring has white spots dotted on one side. System should investigate what is occurring.

Pritts Spring does not have a way to warn when chlorine supply in the barrel is low. This could create potential continuous disinfection issue.

Pritts Spring Cl-17 waste line does not have an air gap. The sulfuric acid is also expired. Neal Run Well plant sulfuric acid is also expired.

At all plants, system should search for cross-connections to incorporate air gaps and/or check valves where necessary.

System should look into dechlor methods prior to discharges in various situations.

Locks to tank ladders should be inspected by the system and replaced as necessary.

Screen size used on overflows and vents should be 24-mesh per the design standards. All screens should be looked at to ensure they are the correct size.

The system only has 1 portable generator and multiple facilities that rely on the portable generator in case of a power outage. System should create a plan to address complications associated with this and look into solutions.

There are violations deemed significant deficiencies noted in this inspection, specifically the ones noted as B6A and B6F violations.
The following apply to significant deficiencies identified by the Department:

(1) Within 30 days of receiving written notification, the public water supplier shall consult with the Department regarding appropriate corrective actions unless the Department directs the system to implement a specific corrective action.

(2) The public water supplier shall respond in writing to significant deficiencies no later than 45 days after receipt of written notification from the Department, indicating how and on what schedule the system will address significant deficiencies.

(3) Corrective actions shall be completed in accordance with applicable Department plan review processes or other Department guidance or direction, if any, including Department-specified interim measures.

(4) The public water supplier shall correct significant deficiencies identified within 120 days of receiving written notification from the Department, or earlier if directed by the Department, or according to the schedule approved by the Department.

(5) If the Department specifies interim measures for protection of the public health pending Department approval of the corrective action plan and schedule or pending completion of the corrective action plan, the public water supplier shall comply with these interim measures as well as with any schedule specified by the Department.

(6) The public water supplier shall request and obtain approval, in writing, from the Department for any subsequent modifications to a Department-approved corrective action plan and schedule.

Field Samples

Subfacility: PST-008-OHIOPYLE PUMP ST	
Location Description chemical room tap	
Sample Number	**Parameter Result** 1.67
Date Time 06/16/2022 11:17:00 AM	**SAC#/Suite/Description**
Subfacility: PST-008-OHIOPYLE PUMP ST	
Location Description pump station tap	
Sample Number	**Parameter Result** 0.6
Date Time 06/16/2022 11:17:00 AM	**SAC#/Suite/Description**

Signatures

Received by(Print Name): Kerry Witt	**Unable To Receive Signature:** Not present
Investigator (Print Name): Selina Prettner	

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name INDIAN CREEK VALLEY WATER AUTH	**PWSID No** 5260011	**Inspection Date** 2022-04-12
Facility Location 2019 INDIAN HEAD RD INDIAN HEAD, PA 15446-1100	**County** Fayette	**Municipality** Saltlick
Responsible Officials Name KERRY WITT	**Telephone:** (724) 455-2905	
	SystemType: Community	**Population:** 7000
Certified Operator name ----	**Field Order Number:** ----	
	Issue Date(mm/dd/yy): ----	

Person(s) Interviewed

Name: KERRY WITT	**Title:** RESPONSIBLE OFFICIAL
Name: KOLBY	**Title:** OPERATOR

eFACTS info

Inspection ID: 3346182	**Inspection Type:** WSEME

A3 - 25 PA Code, Chapter 109.701(a)(3)

1A - GROUNDWATER AND GUDI SOURCES

SRC - 001 - PRITTS SPRING

OTHER SIGNIFICANT DEFICIENCIES

A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

Remarks: A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

The system discovered that the locks on the spring door and hatch were cut on Monday, March 21, 2022, but the incident was not reported to the Department until Tuesday, March 22, 2022.

B6A - 25 PA Code, Chapter 109.4

1A - GROUNDWATER AND GUDI SOURCES

SRC - 001 - PRITTS SPRING

OTHER SIGNIFICANT DEFICIENCIES

B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

There is evidence that the spring area has been used as a gathering spot as seen by the graffiti on the concrete wall and spring box. There are only 3 locks to protect the spring from vandals, which the incident discovered on March 21, 2022 demonstrated the locks do not deter vandals. This can put the source at risk and should be investigated.

Minor Deficiency

1A- GROUNDWATER AND GUDI SOURCES

SPRINGS

SRC - 001 - PRITTS SPRING

The spring box is not maintained.

Remarks: The spring box is not maintained. There were live and dead frogs as well as crickets in the spring house.

General Comments

The Pritts Spring was vandalized, initiating emergency sampling by the Department.

Two locks were cut and the top hatch lock was smashed but still locked. This was discovered by the system personnel on Monday, March 21, 2022 and the Department was notified on Tuesday, March 22, 2022, which did not meet the 1-hr notification requirement.
The wall and springhouse are covered in graffiti and beer cans are strewn around the ground. The system should look into security measures to protect the source from vandalism. Failure to protect the source combined with an act of vandalism is considered a significant deficiency by the Department.

The following apply to significant deficiencies identified by the Department:

(1) Within 30 days of receiving written notification, the public water supplier shall consult with the Department regarding appropriate corrective actions unless the Department directs the system to implement a specific corrective action.

(2) The public water supplier shall respond in writing to significant deficiencies no later than 45 days after receipt of written notification from the Department, indicating how and on what schedule the system will address significant deficiencies.

(3) Corrective actions shall be completed in accordance with applicable Department plan review processes or other Department guidance or direction, if any, including Department-specified interim measures.

(4) The public water supplier shall correct significant deficiencies identified within 120 days of receiving written notification from the Department, or earlier if directed by the Department, or according to the schedule approved by the Department.

(5) If the Department specifies interim measures for protection of the public health pending Department ap-

proval of the corrective action plan and schedule or pending completion of the corrective action plan, the public water supplier shall comply with these interim measures as well as with any schedule specified by the Department.

(6) The public water supplier shall request and obtain approval, in writing, from the Department for any subsequent modifications to a Department-approved corrective action plan and schedule.

Signatures

Received by(Print Name): KERRY WITT	Unable To Receive Signature: Not present
Investigator (Print Name): SELINA PRETTNER	

May 27, 2022

NOTICE OF VIOLATION

CERTIFIED MAIL NO. 7020 2450 0001 5246 5069

Indian Creek Valley Water Authority
R. Kerry Witt
P.O. Box 486
Indian Head, PA 15446

Re: Indian Creek Valley Water Authority
PWSID No. 5260011
Saltlick Township, Fayette County

Dear R. Kerry Witt:

On April 13, 2022, an inspection of the above facility found the following violations:

1. (a) The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source.
   (b) Title 25 Pa. Code 109.701(a)(3).

2. (a) Violations exist that are deemed to be a significant deficiency relating to the source.
   (b) Title 25 Pa. Code 109.4.

The Department has determined that this violation meets the definition of a **significant deficiency** as described in Title 25 Pa. Code Section 109.1 of the Department's regulations. Regulatory requirements for responding to a significant deficiency at a public water system are contained in Title 25 Pa. Code Section 109.717. In order to comply with Title 25 Pa. Code Section 109.717, it is recommended you:

- Consult with the Department regarding the appropriate corrective action for any significant deficiency **within 30 days** of the date of the inspection report.
- Respond in writing to significant deficiencies **within 45 days** of the date of the inspection report, indicating how and on what schedule the system will address significant deficiencies.
- Correct all significant deficiencies **within 120 days** of the date of the inspection report.
- Notify the Department that a significant deficiency has been corrected **within 30 days** of completion of the corrective action.

Any violation of Title 25 Pa. Code 109.4, Title 25 Pa. Code 109.701(a)(3), or Title 25 Pa. Code Section 109.717 could result in further enforcement action, including civil and criminal penalties. Each day the violation continues constitutes a separate offense.

This Notice of Violation is neither an order nor any other final action of the Department of Environmental Protection. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the Department determines that an enforcement action is appropriate, you will be notified of the action.

If you have any questions concerning this matter, please contact me by e-mail at sprettner@pa.gov or by telephone at 724.925.5407.

Sincerely,



Selina Prettner
Sanitarian
Safe Drinking Water Program

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

WATER SUPPLY INSPECTION REPORT

Facility Name	PWSID No	Inspection Date
INDIAN CREEK VALLEY WATER AUTH	5260011	2022-05-10

Facility Location	County	Municipality
2019 INDIAN HEAD RD INDIAN HEAD, PA 15446-1100	Fayette	Saltlick

Responsible Officials Name	Telephone: (724) 455-2905	
KERRY WITT	**System Type:** Community	**Population:** 7000
Certified Operator Name	**Field Order Number:** ----	
WITT KERRY R	**Issue Date (mm/dd/yy):** ----	

Person(s) Interviewed

Name: Kerry Witt	Title: Responsible Official

eFACTS info

Inspection ID: 3360029	Inspection Type FUI

Outstanding Violations

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: Failure to notify DEP of spring house vandalism.

B6A - 25 PA Code, Chapter 109.4

Remarks: Following the vandalism of the locks being cut, it was noticed that the spring house is covered in graffiti and beer cans are covered on the ground

A3 - 25 PA Code, Chapter 109.701(a)(3)

Remarks: A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

The system discovered that the locks on the spring door and hatch were cut on Monday, March 21, 2022, but the incident was not reported to the Department until Tuesday, March 22, 2022.
A3: The public water supplier failed to provide 1-hour notification to DEP informing them of an imminent threat situation that is occurring relating to the source. This is a violation of Title 25 Pa. Code 109.701(a)(3).

B6A - 25 PA Code, Chapter 109.4

Remarks: B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

There is evidence that the spring area has been used as a gathering spot as seen by the graffiti on the concrete wall and spring box. There are only 3 locks to protect the spring from vandals, which the incident discovered on March 21, 2022 demonstrated the locks do not deter vandals. This can put the source at risk and should be investigated.
B6a: Violations exist that are deemed to be a significant deficiency relating to the source, which is a violation of Title 25 Pa. Code 109.4.

General Comments

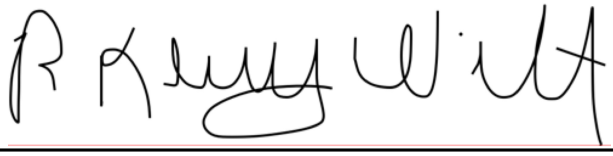
This is a follow-up inspection following a second vandalism/break in at the Pritts springhouse discovered on Monday, May 9, 2022. Indian Creek Valley Water Authority staff noticed that the locks on the door were cut to the springhouse, but did not notice any further vandalism than that.
The tap in the springhouse was running when ICVWA staff checked on the source and there is new graffiti on the wall and springhouse.

System has ordered metal caps to protect the locks on the springhouse.

Signage was posted on the roadside stating that the area is a water source area and should be protected. The garbage noted in the last inspection was cleaned up.

Signatures

Signatures

Received by(Print Name):	Received by Signature:
Kerry Witt	
Investigator (Print Name):	
Selina Prettner	

3800-FM-WSFR0007 Rev. 8/2008

pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

FIELD ORDER

(PLEASE PRINT AND PRESS FIRMLY)

SYSTEM NAME	PWS ID No.	CASE NUMBER
Indian Creek Valley Water Authority	5260011	22-52-1627-034

LOCATION	MUNICIPALITY	COUNTY
2019 Indian Head Road, Indian Head, PA 15446	Saltlick Township	Fayette

PERSON TO WHOM ORDER IS DIRECTED	TELEPHONE NUMBER
Indian Creek Valley Water Authority	(724) 455-9205

MAILING ADDRESS
2019 Indian Head Road, Indian Head, PA 15446

NAME AND TITLE OF PERSON SERVED	DATE ORDER SERVED
Brent Miller, Maintenance Superintendent	May 9, 2022

The Commonwealth of Pennsylvania, the Department of Environmental Protection ("Department"), has made the following Findings of Fact:

1. The Department is the agency with authority to administer and enforce the Pennsylvania Safe Drinking Water Act, the Act of May 1, 1984, P.L. 206, No. 43, 35 P.S. §§721.1-721.19 ("SDWA"), and Section 1917-A of the Administrative Code, the Act of April 9, 1929, P.L. 177, as amended, 71 P.S. §510-17, and the regulations of the Environmental Quality Board adopted pursuant thereto.
2. The person named above to whom this order is directed ("Recipient") owns and/or operates a public water system at the location identified above.
3. The undersigned authorized representative of the Department conducted an inspection of the public water system identified above on May 9, 2022.
4. The operation of this water system with the violation(s) identified in this Order is a violation of the Sections of the Department's regulations cited herein and the SWDA and constitutes a public nuisance under Section 12 of the SDWA, 35 P.S. §721.12.
5. Section 13 of the SDWA, 35 P.S. §721.13, provides that the Department may assess a civil penalty of up to Five Thousand Dollars ($5,000.00) per day for each violation of the SDWA.

Description of Violation:

The public water supplier failed to adequately protect the facility's Pritts Spring source and failed to take whatever investigative or corrective action is necessary to assure that safe and potable water is continuously suppled to the users. The source's lock was cut off by vandals, permitting unauthorized access to the spring. This also occurred on or about April 13, 2022 and was cited as a significant deficiency at that time.

Location of Violation:

Pritts Spring (source 001)

Provisions of Regulation, Statute or Permit Violated:

25 Pa. Code §§ 109.4(1), 109.4(4)

☐ White – Water Supplier ☐ Yellow – District Office ☐ Pink – Litigation ☐ Goldenrod – Central Office

3800-FM-WSFR0007 Rev. 8/2008

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

FIELD ORDER *(continuation)*

(PLEASE PRINT AND PRESS FIRMLY)

SYSTEM NAME	PWS ID No.	CASE NUMBER
Indian Creek Valley Water Authority	5260011	22-52-1627-034

Pursuant to Sections 5, 10 and 12 of the SDWA, 35 P.S. §§721.5, 721.10 and 721.12; and Section 1917-A of the Administrative Code of 1929, 71 P.S. §510-17, it is hereby ordered that the owner shall perform the corrective actions listed below within the designated time.

Corrective Action/Abatement Schedule Required:

1. Within twenty-four (24) hours from the receipt of this Field Order, the public water supplier shall collect samples for all regulated primary and secondary inorganic chemicals (IOCs), synthetic organic chemicals (SOCs) and volatile synthetic organic chemicals (VOCs) pursuant to 25 Pa. Code §§ 109.302(b) and 109.303. These samples sets shall be taken for both the untreated Pritts Spring source water and at the Pritts Spring Entry Point.
2. Within twenty-four (24) hours from the receipt of this Field Order, the public water supplier shall collect a sample for total coliform bacteria at the Pritts Spring Entry Point pursuant to 25 Pa. Code §§ 109.302(b) and 109.303.
3. Within twenty-four (24) hours from the receipt of this Field Order, all samples collected in accordance with this Field Order shall be sent to and analyzed by a laboratory which is appropriately accredited by the Commonwealth of Pennsylvania for each contaminant analyzed. The public water supplier shall request expedited analysis by the accredited laboratory(-ies).
4. The public water supplier shall provide all sample results to the Department within 1-hour of obtaining these results from the accredited laboratory(-ies).
5. Within 7 days from the receipt of this Field Order, the public water supplier shall submit a written response to DEP describing the cause of the problem and proposed corrective actions that the public water supplier will take to prevent the problem from occurring in the future.
6. All submissions in accordance with this Field Order shall be sent via email to ra-epswsdw@pa.gov and johnt@pa.gov.

NOTICE OF APPEAL RIGHTS

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 7514, and the Administrative Agency Law, 2 Pa. C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717-787-3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800-654-5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in Braille or on audiotape from the Secretary to the Board at 717-787-3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD AT 717-787-3483 FOR MORE INFORMATION.

The undersigned person hereby acknowledges receipt of this order and any attachment(s) hereto. This signature does not constitute an acknowledgement that any or all of the violations listed above have occurred or continue to occur.

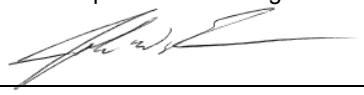
Received by: Emailed to Brent Miller at bwmiller@icvwater.org.

Department Representative (Name & Title - Please Print)

John W. Thomas, Environmental Group Mgr.

Telephone Number: (412) 442-4209

Department Representative's Signature:



☐ White – Water Supplier ☐ Yellow – District Office ☐ Pink – Litigation ☐ Goldenrod – Central Office

Exhibit LMW-6

OCA-2-30_Attachment

Indian Creek Valley Water Authority
2025 Billing Register
Annual Report by Municipality and Customer Type Totals

	System Wide by Municipality					
	Total Annual			Total as Percent		
	Charge	Consumption (gals)	Premise Count	Charge	Consumption (gals)	Premise Count
Saltlick	$ 843,852.30	38,731,800	982	31.6%	31.7%	37.9%
Springfield	$ 754,974.10	34,790,200	807	28.3%	28.4%	31.1%
Stewart	$ 213,013.20	9,249,600	85	8.0%	7.6%	3.3%
Ohiopyle	$ 70,899.60	3,016,200	70	2.7%	2.5%	2.7%
Bullskin	$ 9,093.60	433,200	9	0.3%	0.4%	0.3%
Connellsville	$ 24,138.00	853,000	11	0.9%	0.7%	0.4%
Donegal	$ 675,672.60	32,044,400	523	25.3%	26.2%	20.2%
Donegal Boro	$ 38,637.00	1,601,500	58	1.4%	1.3%	2.2%
Mt. Pleasant	$ 39,949.80	1,600,100	49	1.5%	1.3%	1.9%
Year Total	$ 2,670,230.20	122,320,000	2,593	100%	100%	100%

	System Wide by Municipality		Residential Only by Municipality				
	Average Monthly Charge	Average Monthly Consumption (gals)	Total Charge	Total Consumption (gals)	Total Premise	Avg. Monthly Charge	Avg. Monthly Consumption (gals)
Saltlick	$ 71.61	3,287	$ 642,277.20	28,179,400	931.5	$ 57.46	2521
Springfield	$ 77.96	3,593	$ 535,193.40	23,882,700	765	$ 58.30	2602
Stewart	$ 208.84	9,068	$ 81,350.70	2,700,600	72	$ 94.16	3126
Ohiopyle	$ 85.01	3,617	$ 20,461.24	859,402	30.5	$ 55.91	2348
Bullskin	$ 84.20	4,011	$ 9,093.60	433,200	9	$ 84.20	4011
Connellsville	$ 182.86	6,462	$ 7,417.80	336,100	9	$ 68.68	3112
Donegal	$ 107.76	5,111	$ 356,476.56	16,288,620	439	$ 67.67	
Donegal Boro	$ 55.51	2,301	$ 34,430.70	1,520,150	46.5	$ 61.70	
Mt. Pleasant	$ 68.64	2,749	$ 23,577.00	966,500	42.5	$ 46.23	

Avg Monthly Charge $66.03

Avg Monthly Consumption 2,826

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
Docket No. A-2025-3055741
OCA-4-1_Attachment

Indian Creek Valley Water Authority Customers

Water

Rate Class	Average Usage	Average Monthly Bill at Indian Creek Valley Water Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase		
Residential	3,201 gal/month	$69.62	$139.52	$69.90	or	100.4%
Commercial	22,094 gal/month	$427.69	$857.09	$429.40	or	100.4%
Industrial	685,947 gal/month	$12,443.05	$24,935.87	$12,492.82	or	100.4%

PAWC Current Water Customers

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase		
Residential	3,201 gal/month	$78.89	$79.13	$0.24	or	0.3%
Commercial	22,094 gal/month	$419.34	$420.60	$1.26	or	0.3%
Industrial	685,947 gal/month	$8,863.12	$8,889.71	$26.59	or	0.3%

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
Docket No. A-2025-3055741
OCA-4-1_Attachment

Indian Creek Valley Water Authority

PAWC - Water

Residential		
5/8"	Rate	$12.00
32.01	1.8000	57.62
		$69.62

Zone 1 - Residential		
5/8"	Service Charge	$18.80
32.01	1.8772	60.09
		$78.89

Rate Impact		100.4%
		$69.90
Total		$139.52

Rate Impact		0.3%
		$0.24
Total		$79.13

Commercial		
1"	Rate	$30.00
220.94	1.8000	397.69
		$427.69

Zone 1 - Commercial		
1"	Service Charge	$48.40
160.00	1.8033	288.53
60.94	1.3523	82.41
220.94		
		$419.34

Rate Impact		100.4%
		$429.40
Total		$857.09

Rate Impact		0.3%
		$1.26
Total		$420.60

Industrial		
2"	Rate	$96.00
6,859.47	1.8000	12,347.05
		12,443.05

Zone 1 - Industrial		
2"	Service Charge	$224.00
160.00	1.6720	267.52
5,840.00	1.2860	7,510.24
859.47	1.0022	861.36
6,000.00		
		8,863.12

Rate Impact		100.4%
		$12,492.82
Total		$24,935.87

Rate Impact		0.3%
		$26.59
Total		$8,889.71

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
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Estimated Rate Increase

Increase applied to Acquired System Customers		
Revenue Requirement Increase	$	2,587,000
Current Indian Creek Valley Water Authority revenues		2,576,000
Estimated Increase to water customers		**100.4%**

Amount of increase allocated to water customers:		
Revenue Requirement Increase	$	2,587,000
PAWC Water Revenues (R-2023-3043189 Proof of Revenues excl. Other Operating Revenues & Contract Sales)		890,733,518
Estimated Increase to Water Customers		**0.3%**

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
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OCA-4-1_Attachment
Revenue Requirement Increase

		PAWC	
Rate Base	$	32,800,000	Appendix A-11
Rate of Return %		7.38%	See Calculations
Rate of Return		2,421,000	
O&M		1,362,000	Appendix K
Taxes Other		85,000	Appendix K
Depreciation		656,000	Appendix K
Taxes		639,000	See Calculations
Revenue Requirement		5,163,000	
Indian Creek Valley Water Authority Year-1 Revenues		2,576,000	Appendix K
Revenue Requirement Increase (Revenue Deficiency)		2,587,000	

OCA Recommondation
$ 27,036,188.00
7.38%
1,995,000
1,362,000
85,000
656,000
639,000
4,737,000
2,576,000
2,161,000

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
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OCA-4-1_Attachment
Income Tax Calculation

Revenue Requirement		
Rate Base	$	32,800,000
Pretax ROR %		9.33%
Pretax ROR		3,060,000
Plus: O&M Expense		1,362,000
Taxes Other		85,000
Depreciation		656,000
Total Revenue Requirement		5,163,000
Income Tax Calculation		
Revenues	$	5,163,000
Less: O&M Expense		1,362,000
Taxes Other		85,000
Depreciation		656,000
Interest		686,000
SIT Taxable Income		2,374,000
State Income Tax Rate		7.49%
State Income Tax		178,000
FIT Taxable Income		2,196,000
Federal Income Tax Rate		21.00%
Federal Income Tax		461,000
Total Income Taxes		639,000
Interest		
Rate Base	$	32,800,000
Weighted Cost of Debt (2.03% + 0.12%)		2.09%
	$	686,000

Water	Capital Structure	Cost Rate	Weighted Cost	Revenue Multiplier	Revenue Requirement
Long Term Debt	44.01%	4.76%	2.09%		2.09%
Short Term Debt	0.00%	0.00%	0.00%		0.00%
Preferred Stock	0.00%	0.00%	0.00%	1.36831	0.00%
Common Equity	55.99%	9.45%	5.29%	1.36831	7.24%
			7.38%		9.33%

Capital Structure, Cost of Debt, and Cost of Equity are based on PAWC's last base rate case.
Docket No. R-2023-3043189, Order Entered July 22, 2024, page 200.
State Income Tax Rate of 7.49% in effect 1/1/2026

Revenue 'Multiplier	
Statutory State Tax Rate	0.0749
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9251
Fed Rate Times (1-State Tax Rate)	0.194271
Effective Tax Rate	0.269171
1-Eff Tax Rate	0.730829
Reciprocal	1.36831

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
Docket No. A-2025-3055741
OCA-4-1_Attachment
Operating Revenue Assumptions

Service Charge	Customers	Units	Rate
Residential Customers	2150	25,800	12.000
Commercial 1"	203	2,436	30.000
Industrial 2"	1	12	96.000
OPA 1"	25	300	30.000
Public Fire - Rate 1	2	369	60.000
Public Fire - Rate 2	5	102	100.000

Usage Charge	Customers	Units	Rate
Residential Customers	2150	705,035	1.8000
Commercial	203	236,273	1.8000
Industrial	1	6,955	1.8000
OPA	25	222,428	1.8000
Bulk Resale	3	23,251	1.9000

Total Revenues

Revenue
310,000
73,000
1,000
9,000
22,000
10,000
425,000

Revenue
1,269,000
425,000
13,000
400,000
44,000
2,151,000

2,576,000

Pennsylvania American Water Company
Acquisition of Water Assets of the Indian Creek Valley Water Authority
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OCA-4-1_Attachment
O&M and General Tax Assumptions

Operating and Maintenance Expenses	
Labor and Labor Related	$501,000
Purchased Water	39,000
Fuel & Power	64,000
Chemicals	35,000
Waste Disposal	19,000
Management Fees	156,000
Contracted Services	44,000
Insurance Other Than Group	85,000
Maintenance	300,000
Customer Accounting	79,000
General Office Expense	7,000
Miscellaneous	33,000
Total O&M	$1,362,000

General Taxes	
Property Tax	$35,000
Regulatory Assessment	20,000
Payroll Taxes	30,000
Total General Taxes	$85,000

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket No. A-2025- 3055741
v.	:	
	:	
Pennsylvania American Water Company	:	
	:	

VERIFICATION

I, LeeAnn Wise, hereby state that the facts above set forth in my Direct Testimony, OCA Statement No. 1, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: June 1, 2026

Signature: */s/LeeAnn Wise*
LeeAnn Wise

Address: Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Section 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 Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	Docket No. A-2025-3055741

Surrebuttal Testimony
of
LeeAnn Wise

On Behalf of
The Pennsylvania Office of Consumer Advocate

Date Served: June 15, 2026

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is LeeAnn Wise. My business address is 555 Walnut Street, Forum Place, 5th Floor, Harrisburg, Pennsylvania 17101. I am currently employed as a Senior Regulatory Analyst by the Pennsylvania Office of Consumer Advocate (OCA).

Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS PROCEEDING?

A. Yes, I submitted direct testimony in the proceeding on behalf of the OCA on June 1, 2026.

Q. WHAT ISSUES WILL YOU ADDRESS IN YOUR SURREBUTTAL TESTIMONY?

A. I will respond to the rebuttal testimony of PAWC witness Ms. Tracy Baer, Mr. Jed Fiscus, and Dr. Christina Chard along with Indian Creek Valley Water Authority's witness Mr. R. Kerry Witt.

II. RESPONSE TO MS. TRACEY BAER

Q. DO YOU AGREE WITH MS. BAER'S TESTIMONY THAT YOU MISTAKENLY POINT TO CUSTOMER RATE IMPACT AS THE SOLE DETRIMENT FOR THE PUBLIC BENEFITS ASSESSMENT?

A. I disagree with Ms. Baer's statement that in my direct testimony I concluded the rate impact was the sole detriment for opposing the sale. My direct testimony states courts have interpreted this standard to mean that the transaction will affirmatively promote the

service accommodation, convenience, or safety of the public in some substantial way. However, I do agree with her that this is best left for briefing purposes.

Q. DO YOU AGREE WITH MS. BAER'S STATEMENTS THAT THE PROPOSED ACQUISITION WILL RESULT IN ECONOMIES OF SCALE?

A. No, I do not. Economies of scale are not established merely by increasing customer counts. Economies of scale exist when average costs decline as output increases.[1] The proposed adding of an additional 2,389 customers to PAWC's existing customer base of 695,001 represents approximately 0.0344%. This small increase in customer counts does not demonstrate economies of scale. The evidence does not show that this increase materially reduces average costs or otherwise lowers the cost of providing services.

Q. DO YOU AGREE WITH MS. BAER'S STATEMENTS REGARDING THE AUTHORITY'S DEFICIENCY IN CYBER SECURITY MEASURES?

A. No, I do not agree with Ms. Baer's statements given the information available when writing my direct testimony. My direct testimony accurately reflected statements made by Mr. Witt confirming the Authority follows federal cyber security regulations.[2] However, after filing discovery response OCA Set 2-46, the Authority became aware of a cyber security incident whereby one or more third parties claimed to have breached the Authority's cyber security system and accessed electronic files and data.[3] The recent cyber security incident does not demonstrate that the Authority is now or was previously non-compliant with cyber security requirements or inadequately prepared to

[1] https://en.wikipedia.org/wiki/Economies_of_scale
[2] Response to OCA Set 2-46.
[3] Rebuttal testimony of Mr. R. Kerry Witt, pg. 7, ln. 1-2.

respond to such events. It is my understanding that this event is under investigation, and the nature, scope, cause, and impacts are yet to be determined. Therefore, it is premature to draw any conclusions about the Authority's cyber security program.

Q. DO YOU AGREE WITH MS. BAER'S STATEMENT THAT THE AUTHORITY'S ASSETS SHOULD BE INCLUDED IN RATE BASE EVEN IF ALL EASEMENTS HAVE NOT BEEN SECURED?

A. I agree that Section 1329 does not expressly require easements to be fully secured before the acquired systems' assets are included in the rate base. However, if PAWC cannot show legal rights to occupy land on which facilities are located questions may arise regarding the extent to which the assets are fully used and useful.

III. RESPONSE TO MR. JED A. FISCUS

Q. DO YOU AGREE WITH MR. FISCUS'S STATEMENTS THAT THE REPAIRS REQUIRED TO ADDRESS CURRENT ISSUES WITH THE AUTHORITY'S SYSTEM ARE NOT JUST "STANDARD IMPROVEMENTS"?

A. No, I do not. Mr. Fiscus states "This is an extreme, bordering on irresponsible understatement of the Authority's current situation and its precarious record of deferred maintenance and environmental noncompliance."[4] My reference to "standard improvements" was intended to describe the types of improvements performed by water utilities in the normal course of operations. Such activities include, replacement of aging

[4] Rebuttal Testimony of Mr. Jed A. Fiscus pg.2, ln. 1-3.

infrastructure, upgrades to facilities, and other capital improvements necessary to provide safe and reliable services.

Mr. Fiscus states that "the Mill-Run treatment plant has been cited by the Pennsylvania Department of Environmental Protection ("PADEP") for nearly two decades, with no meaningful actions taken by the Authority to rehabilitate or replace this early 1970s-vintage facility. These are not standard improvement needs; they are critical upgrades needed to achieve compliance with current regulations designed to protect the safety of public drinking water, and yet they continue to be deferred by the Authority."[5] Despite Mr. Fiscus's references to alleged violations identified by the Pennsylvania Department of Environmental Protection (DEP) at the Mill Run Plant, PAWC's five-year Capital Improvement Plan does not identify corrective improvements within the current planning period. Rather, the plan indicates that the relevant improvements are not scheduled until 2029.

Q. DO YOU AGREE WITH MR. FISCUS'S COMMENTS THAT THE AUTHORITY IS OUT OF COMPLIANCE WITH THEIR CORRECTIVE ACTION PLAN?

A. The Authority admitted during discovery that a Corrective Action Plan with DEP existed.[6] However, the Authority did not state whether it was in compliance with that Plan, and neither the Authority nor PAWC disclosed in their direct testimony that the Authority was out of compliance with the Plan.

[5] Rebuttal testimony Mr. Jed A Fiscus, pg. 2, ln. 11-17.
[6] Response to OCA Set 2-62.

Q. **DO YOU AGREE WITH MR. FISCUS'S COMMENTS REGARDING THE AUTHORITY PROVIDING ADEQUATE, EFFICIENT, SAFE AND REASONABLE SERVICE TO ITS CUSTOMERS?**

A. Mr. Fiscus references approximately 60 DEP violations over a four-year period. While I do not dispute that the Authority has received DEP violations, those violations have not been shown to be of such severity as to have any impact on the Authority's ability to provide adequate, efficient, safe, and reasonable service to its customers. Notably, there is no evidence in the record that the Authority is in such clear violations that it will be subject to a Section 529 proceeding based on an alleged failure to provide such service**.** To be clear, this proceeding is voluntary and is occurring under Section 1329 of the Public Utility Code. If the Authority was in such a dire situation as it claims this proceeding would be a forced acquisition under Section 529.

Q. **DO YOU AGREE WITH MR. FISCUS'S COMMENTS THAT YOU UNDERSTATED THE $10 MILLION CAPTIAL INVESTMENT PLAN?**

A. Line number one of the five-year capital improvement plans provided by Mr. Fiscus[7] refers to replacing Mill Run WTP-Property/Engineering $650,000 in 2029 and $650,000 in 2030 for a total of $1.3M. However, Mr. Fiscus in his rebuttal testimony states "PAWC has included only approximately $0.5 million in source of supply studies and potential property research/acquisition for this project in the 5-year plan."[8]

Mr. Fiscus states my calculations of future Authority rates do not reflect this projected capital investment and concludes that Mr. Witt's testimony represents a more accurate

[7] PAWC Exhibit JAF-2.
[8] Rebuttal testimony of Mr. Jed A. Fiscus pg. 6, ln. 7-8.

projection of future Authority customer rates. The basis for my analysis and the assumptions provided by Mr. Witt's conclusion are addressed below.

Q. **DO YOU AGREE WITH MR. FISCUS'S COMMENTS REGARDING FILING OF AN AMENDED INFRASTRUCTURE IMPROVEMENT PLAN ("LTIIP") WITH THE COMMISSION WITHIN NINETY DAYS OF CLOSING ON THE TRANSACTION.**

A. Yes, I agree. In evaluating future customer rates, I recognize that the Authority's customers will not be subject to the Distribution System Improvement Charge ('DSIC') until either the earlier date of: (1) the first revision to PAWC's Long-Term Infrastructure Improvement Plan ('LTIIP') following Closing, or (2) the effective date of PAWC's next Commission-approved base rate increase.

IV. RESPONSE TO DR. CHRISTINA E. CHARD

Q. DO YOU AGREE WITH DR. CHARD'S COMMENTS THAT PAWC AMEND ITS LTIIP WITHIN 90 DAYS OF TRANSACTION CLOSING?

A. No, I do not. Dr. Chard's statement that the customer count of the Authority represents only a small portion of PAWC's customer base does not remove the need for disclosure regarding post-acquisition capital improvements. The Authority's customers should have a means to verify that the public-interest benefits outlined in the transaction are in fact incremental and not the result of redirected priorities by PAWC.

Q. DO YOU AGREE WITH DR. CHARD'S COMMENTS THAT THE RATE IMPACT PROPOSED BY PAWC WOULD BE LESS THAN IF THE AUTHORITY MAINTAINED CONTROL?

A. To a degree. My direct testimony was based on information contained in the acquisition application and discovery responses. I acknowledge that my interpretation of the information provided may not align with Dr. Chard's. The difference in explanation of rates in this acquisition shows that uncertainty exists regarding the future rates Authority customers may experience if the proposed acquisition is approved.

I also recognize that given the Authority's need for capital improvement projects, customers may experience rate increases under continued Authority ownership. The acquisition price may create increased pressure on future rates for customers and therefore remain relevant in consideration when estimating rate impact. Evaluation of a range of potential rate outcomes is a more realistic approach given PAWC's currently pending base rate proceeding and its historic filing frequency is on average every two years.

V. RESPONSE TO MR. R. KERRY WITT

Q. DOES MR. WITT DISAGREE WITH YOUR ASSESSMENT OF THE SYSTEM NEEDING "STANDARD IMPROVEMENTS"?

A. In his testimony, Mr. Witt states that I have miscategorized Authority's need for infrastructure improvements as "standard improvements." Mr. Witt states that the

Authority's system requires significant improvements intended to address considerable deferred maintenance and resulting compliance concerns.[9]

Q. DO YOU HAVE ANY COMMENTS?

A. I do not dispute that the Authority faces infrastructure and compliance challenges. The existence of infrastructure and regulatory improvements are a common occurrence among water systems, whether they are considered "standard" or not. Over the past two years the Authority has completed work to address ongoing compliance issues. Mr. Witt states that I have overlooked the fact that the Authority has had to table five compliance projects due to overall funding concerns. In discovery, Mr. Witt stated five projects have been tabled by the Authority's Board of Directors due to overall funding concerns since the negotiations on the system sale began.[10]

In discovery Mr. Witt confirmed the Authority had previously received both state and federal grants within the last five years.[11] He also confirmed that the Authority did not pursue PENNVEST funding because it considered that funding source was too expensive.[12]

Based on the timing of events, I note that the tabling of the five projects occurred during the period in which acquisition negotiations were taking place. Given the Authority's prior success in obtaining grant funding and its decision not to pursue PENNVEST funding for reasons unrelated to eligibility, the timing suggests that factors associated with the proposed sale of the water system may have contributed to the delay of those projects, rather than financial constraints alone.

[9] Rebuttal testimony of Mr. R. Kerry Witt pg. 3, ln. 1-2.
[10] Response to OCA Set 2-10.
[11] Response to OCA Set 2-5.
[12] Response to OCA Set 2-4.

The need for infrastructure improvement alone does not demonstrate the need for the proposed acquisition. More importantly, is whether the transaction will provide tangible benefits to customers and represent the effective delivery of safe, affordable, and reliable water service.

Q. **WHAT OTHER ISSUES ARE ADDRESSED BY MR. WITT THAT WARRANT A RESPONSE?**

A. In his testimony, Mr. Witt cited several reasons supporting the proposed acquisition, including the lack of succession planning for the water system operator, the need for increased rates, and cybersecurity concerns. I will address each of these points individually.

Q. IS THERE AN OPERATOR SUCCESSION PLAN IN PLACE FOR MR. WITT?

A. Mr. Witt testified that the Authority does not have a succession plan in place to backfill his position upon retirement, and the Authority's recent attempts to identify, hire, and retain a similarly qualified successor have been unsuccessful.[13]

Q. WHAT ARE YOUR COMMENTS REGARDING MR. WITT'S CONCERN ON SUCCESSION PLANNING?

A. Mr. Witt indicated that the Authority has experienced difficulties in recruiting a successor for his position, however, he did not provide any testimony on the extent of the Authority's efforts, such as timing and length of search, compensation offered, qualifications, or whether any other alternative management agreements were explored.

[13] Rebuttal Testimony of Mr. R. Kerry Witt, pg. 4, ln. 8-9.

Management succession plans are fundamentally temporary in nature, whereas the proposed acquisition would be permanent.

Q. WHY DOES MR. WITT STATE THAT RATES WOULD NEED TO BE INCREASED IF THE ACQUISITION DOES NOT TAKE PLACE?

A. Mr. Witt testified that I failed to consider the considerable costs that would be borne by the Authority if the Transaction is not completed.[14] Mr. Witt states that the Authority would need (1) costs in excess of $10,100,000 for capital improvements to address compliance concerns; (2) additional costs in excess of $2,400,000 to address deferred maintenance needs to address facility compliance and equipment rehabilitation; (3) increased annualized costs of $725,000 for general, technological, and safety improvement costs; and (4) increased annualized costs of $925,000 for new and replacement staff hires, compensation, training, and retention costs.[15] He also asserts that the Authority as recommended by the Government Finance Officers Association, to ensure continued, uninterrupted operations and to mitigate ongoing risk and address contingencies, such reserve fund should be funded with between two months' (16.67%) and three months' (25.00%) of the annual expenditures of the Authority. Therefore, following such recommendations, the Authority would maintain a reserve fund between approximately $400,000 and $600,000.[16] The total estimated cost is $14,650,000.

Q. WHAT ARE YOUR COMMENTS REGARDING MR. WITT'S CONCERN ON THE NEED FOR A RATE INCREASE?

[14] Rebuttal Testimony of Mr. R. Kerry Witt, pg. 5, ln. 1-2.
[15] Rebuttal Testimony of Mr. R. Kerry Witt, pg. 5, ln. 9-14.
[16] Rebuttal Testimony of Mr. R. Kerry Witt, pg. 5, ln. 16-21.

A. I acknowledge that the Authority needs capital improvements to address compliance concerns and in doing so, customer rates would need to be increased. However, I disagree with Mr. Witt's assessment of increased monthly rates. Applying Witt's estimate of the Authority total cost of $14,650,000 to a 20 year, 2% interest loan, customers would bear an increase of $31.25 per month.[17] Customers currently pay the Authority $66.92 per month for 3,201 gallons of usage. The increase in expenses would bring the Authority's bill to $98.17. If the proposed acquisition is approved, Authority customers will initially continue to pay $66.92. As part of the next base rate filing, PAWC proposes to move Authority customers into Rate Zone 1, resulting in a customer bill of $78.89.

When comparing the amount of customer bills, it is important to note that the Authority's $98.17 includes the estimated $14,650,000 needed for a fully operational and fully compliant system. PAWC's current Zone 1 rates may be subject to future increases through rate base filings including the currently pending PAWC rate case before the Commission.

In my direct testimony I reference several funding sources the Authority could explore to finance future improvements. Although Mr. Witt acknowledges that USDA and PENNVEST funding is competitive and not guaranteed, he does not discount that they are available options for the Authority. As I stated in my direct testimony, additional funding options are available to the Authority, providing financial support for capital improvement projects eliminating the need for the proposed acquisition.

[17] $74,662 monthly payment/2,389 customer=$31.25

Q. IN MY DIRECT TESTIMONY, I STATED THAT THE AUTHORITY WAS IN COMPLIANCE WITH STATE AND FEDERAL CYBER SECURITY REQUIREMENTS. IS THIS STILL THE CASE?

A. My direct testimony accurately reflected statements made by Mr. Witt confirming the Authority follows federal cyber security regulations.[18] However, after filing discovery response OCA Set 2-46, the Authority became aware of a cyber security incident whereby one or more third parties claimed to have breached Authority cyber security systems and accessed electronic files and data.[19]

Q. DOES THIS INCIDENT CHANGE YOUR DIRECT TESTIMONY REGARDING COMPLIANCE?

A. My direct testimony referenced the Authority's response to OCA Set 2-46 and was accurate at the time of direct testimony submission. Given the current incident remains under investigation, a full assessment of the Authority's cybersecurity position cannot be determined at this time.

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes, this concludes my surrebuttal testimony. However, I reserve the right to supplement my testimony as additional issues and facts arise during the proceeding.

[18] Response to OCA Set 2-46.
[19] Rebuttal testimony of Mr. R. Kerry Witt, pg. 7, ln. 1-2.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket No. A-2025- 3055741
v.	:	
	:	
Pennsylvania American Water Company	:	
	:	

VERIFICATION

I, LeeAnn Wise, hereby state that the facts above set forth in my Surrebuttal Testimony, OCA Statement No. 1, 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 herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: June 15, 2026

Signature: */s/LeeAnn Wise*
LeeAnn Wise

Address: Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101

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 Pennsylvanian-American Water Company, of substantially all of the assets, properties rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	**:**	**Docket No. A-2025-3055741**

OFFICE OF SMALL BUSINESS ADVOCATE'S
ADMITTED
TESTIMONY AND EXHIBITS

The Office of Small Business Advocate ("OSBA") admitted the enclosed testimony and exhibits, as evidence into the evidentiary record, at the Evidentiary Hearing held on June 17, 2026, in the above-captioned proceeding:

- Direct Testimony and Exhibit of Celia B. Hashlamoun, labelled OSBA Statement No. 1, with associated Exhibit ES-1, with signed Verification of Celia B. Hashlamoun.
- Surrebuttal Testimony of Celia B. Hashlamoun, labelled OSBA Statement No. 1-SR, with signed Verification of Celia B. Hashlamoun.

Date: June 18, 2026

COMMONWEALTH OF PENNSYLVANIA

June 1, 2026

The Honorable Katrina L. Dunderdale
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place
301 Fifth Avenue, Suite 220
Pittsburgh, PA 15222

The Honorable Ann Quimby
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place
301 Fifth Avenue, Suite 220
Pittsburgh, PA 15222

Re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania / Docket No. A-2025-3055741

Dear Judge Dunderdale and Judge Quimby:

Enclosed please find the Direct Testimony and Exhibit of Celia B. Hashlamoun, labelled OSBA Statement No. 1, with associated Exhibit ES-1, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-referenced proceeding.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Steven C. Gray

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures
cc: PA PUC Secretary Matthew L. Homsher (Cover Letter & Certificate of Service Only)
Celia Hashlamoun / Kevin Higgins
Parties of Record

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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	**:**	**Docket No. A-2025-3055741**

DIRECT TESTIMONY AND EXHIBIT

of

CELIA B. HASHLAMOUN

on behalf of

Pennsylvania Office of Small Business Advocate

Topics:

Proposed Acquisition Price
Rate Base Impact
Revenue Requirement Impact

Date Served: June 1, 2026
Date Submitted for the Record: _____

DIRECT TESTIMONY OF CELIA B. HASHLAMOUN

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Celia B. Hashlamoun. My business address is 111 East Broadway, Suite 1200, Salt Lake City, Utah, 84111.

Q. By whom are you employed and in what capacity?

A. I am a Senior Consultant at Energy Strategies, LLC. Energy Strategies is a private consulting firm specializing in economic and policy analysis applicable to energy production, transportation, and consumption.

Q. On whose behalf are you testifying in this proceeding?

A. My testimony is being sponsored by the Pennsylvania Office of Small Business Advocate ("OSBA").

Q. Please describe your professional experience and qualifications.

A. I earned a Bachelor of Science in Business Administration from the University of Akron in 2007. I joined Energy Strategies in 2025, where my responsibilities include reviewing utility case filings, conducting financial and regulatory analyses, and developing expert testimony to support regulatory proceedings. Prior to joining Energy Strategies, I was a Regulatory Consultant for The East Ohio Gas Company d/b/a Enbridge Gas Ohio. In that role, I was responsible for planning and preparing analyses that supported various regulatory proceedings and internal business initiatives.

Before my time at Enbridge Gas Ohio, I worked in the Rates and Regulatory Affairs Department at FirstEnergy Corp, where I supported regulatory filings and

rate-related analysis. Earlier in my career, I was employed at Plante & Moran Corporate Finance as an Investment Banking Analyst.

Q. Have you previously testified before this Commission or any other regulatory Commission?

A. Yes. I testified in Case No. A-2025-3055551 which involved the merger and transfer of all assets of Community Utilities of Pennsylvania Inc. ("CUPA") to Pennsylvania American Water Company ("PAWC") and Case No. A-2025-3058927, which involves the change of control and merger of American Water Works Company, Inc. ("American Water") and Essential Utilities, Inc. ("Essential").[1] I have also previously testified before the Public Utilities Commission of Ohio, the New Jersey Board of Public Utilities and the New Mexico Public Regulation Commission.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my testimony is to address whether the acquisition by PAWC and the Indian Creek Valley Water Authority ("ICVWA" or the "Authority") under the proposed terms is in the public interest. The absence of comment on my part regarding a particular issue should not be interpreted as support for or opposition to the filing on that issue.

[1] Essential, Aqua Pennsylvania, Inc. ("Aqua PA"), Aqua Pennsylvania Wastewater, Inc. ("Aqua WW"),[1] Peoples Natural Gas Company LLC ("Peoples") and Alpha Merger Sub, Inc. ("Merger Sub") have sought approval for a change of control of Aqua PA and Peoples, through a merger of Essential and Merger Sub, a wholly owned subsidiary of American Water.

III. OVERVIEW OF THE PROPOSAL

Q. Please describe the proposed transaction between PAWC and ICVWA.

A. The proposed transaction involves the acquisition of substantially all of the assets, properties, and rights related to the water treatment and distribution system owned and operated by ICVWA. Upon closing of the transaction, PAWC would begin providing water service to customers currently served by ICVWA.

In connection with the proposed acquisition, PAWC is seeking Commission approval for: (1) the acquisition of the Authority's system (the "System") pursuant to Section 1102 of the Pennsylvania Public Utility Code (the "Code"); (2) the use, pursuant to Section 1329 of the Code, for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the System; (3) the collection of a Distribution System Improvement Charge ("DSIC") related to the System prior to the first base rate case in which the System plant is incorporated into rate base; (4) the deferral and accrual of certain post-acquisition improvement costs associated with upgrades to the system; and (5) the inclusion, in its next base rate case, of a claim for transaction and closing costs related to the acquisition.[2]

Q. What is your overall conclusion regarding the proposed Merger?

A. I do not oppose PAWC's proposed acquisition of the ICVWA system itself. However, I have concerns regarding PAWC's proposed use of the fair market value approach under Section 1329, particularly with respect to customer recovery associated with amounts above the System's traditional original cost-based

[2] Application at p.3, paragraph 2.

valuation measures [3] and the implementation of a DSIC prior to the Company's first base rate case.

While the transaction could provide public-interest benefits, realizing those benefits will require system operational, infrastructure and compliance improvements to the System. Accordingly, I recommend that Commission approve the transaction subject to the following conditions:

(1) The Commission should reserve determination on whether any acquisition premium should be included in rate base until the planned investments have been completed. At that time, PAWC should bear the burden of demonstrating that any requested recovery is supported by customer benefits and system improvements, and that the acquisition premium is appropriately allocated between PAWC's pre-existing customers and the customers of ICVWA.

(2) The Commission should delay implementation of DSIC charges for ICVWA customers until after the Company's first base rate case. Although Section 1329 authorizes DSIC recovery associated with acquired systems prior to a base rate case, such recovery should not be considered automatic, particularly where many of the asserted customer benefits depend upon future improvements.

IV. BACKGROUND

Q. Please describe the ICVWA.

A. ICVWA is a municipal authority formed under the Municipal Authorities Act of 1945 that owns and operates a 1.0 million gallons per day ("MGD") water treatment and distribution system serving approximately 2,389 customers across portions of Fayette and Westmoreland Counties, Pennsylvania.

[3] As used herein, references to depreciated original cost or net book value refer generally to traditional original cost-based valuation measures.

According to ICVWA witness Mr. Witt, the System consists of four source water sites, four water treatment facilities, approximately 123 miles of water main, 486 fire hydrants, eleven storage tanks, five pump stations, and seven pressure reducing stations and other related infrastructure. The Authority currently operates the System with a relatively small workforce consisting of management, administrative and maintenance personnel.[4]

Additionally, Mr. Witt states that the Authority "is in an unfortunate position where it is often challenged to keep up with necessary capital projects because of the need to exercise restraint towards rates and charges increases to not burden its residents."[5] He further describes that an important objective of the participating townships was to maintain and "increase public services while avoiding the increase in real estate taxes".[6] These statements reflect that affordability and customer financial impacts were significant considerations underlying the proposed transaction, particularly in light of the System's improvement needs.

Q. Please describe PAWC.

A. PAWC is a public utility providing water and wastewater service in Pennsylvania and is a subsidiary of American Water, the largest regulated water and wastewater utility in the United States. American Water serves approximately 14 million people in 14 states and has employees of approximately 7,000. It expected to invest

[4] Direct Testimony of R. Kerry Witt, p. 2 line 12 through p. 3 line 5.
[5] Id. at p. 5 lines 3-5.
[6] Id. at p. 6 lines 1-5.

$46 to $48 billion in infrastructure repairs and replacement, system resiliency and regulated acquisitions over the next 10 years.[7]

American Water's investor materials describe the water and wastewater industry as presenting "industry consolidation opportunities" and identify regulated acquisitions as an important component of the Company's long-term growth strategy.[8] In its Q1 2026 earnings presentation, the Company reported approximately $565 million of acquisitions under agreement representing approximately 105,000 customer connections, and more than 1.5 million customer connections identified as being in its acquisition "pipeline". [9]

Q. Why is American Water's acquisition strategy relevant to your analysis in this proceeding?

A. It is important to recognize that the acquisition provides not only benefits to the Authority and its customers, but also to American Water. As reflected in American Water's investor materials, acquisitions are an important component of the Company's long-term growth and business strategy. Acquisitions expand the Company's customer base, geographic footprint and investment opportunities.

This context is relevant because it indicates that the negotiated purchase price may reflect anticipated benefits to customers *and* value to PAWC and American Water.

Accordingly, the fact that PAWC seeks to acquire the ICVWA System under Section 1329 does not, by itself, establish that the acquisition premium

[7] American Water Works Company, Inc., *About Us*. (https://amwater.com/corp/About-Us/, accessed May 24, 2026)
[8] American Water Works Company, Inc., *March 2026 Investor Presentation* at 12 (Mar. 10, 2026)
[9] American Water Works Company, Inc., *First Quarter 2026 Earnings Call Presentation* at p. 5, 16 (Apr. 30, 2026).

should be borne by customers. While the transaction may provide important operational and community benefits for the ICVWA System and its customers, the Commission should still evaluate whether the requested ratemaking treatment is reasonable and supported by demonstrated customer benefits and the facts of this case.

V. SECTION 1329 AND VALUATIONS

Q. Please describe Section 1329 of the Pennsylvania Public Utility Code, which PAWC is requesting approval to utilize in this proceeding.

A. Section 1329 of the Code permits the ratemaking rate base associated with certain water and wastewater system acquisitions to be established using the lesser of: (1) the negotiated purchase price; or (2) the average of the fair market value appraisals prepared by the utility valuation experts ("UVE") retained by the buyer and seller.

Section 1329 also authorizes certain related ratemaking and accounting treatments associated with qualifying acquisitions, including deferred accounting treatment for certain post-acquisition improvement costs, accrual of Allowance for Funds Used During Construction ("AFUDC"), and DSIC recovery prior to a base rate case. Section 1329 further permits the Commission to impose additional conditions of approval as may be required by the Commission.[10]

Q. Please describe the fair market value conclusions of the System.

A. Pursuant to Section 1329, UVEs retained by PAWC and ICVWA prepared appraisals of the System to determine fair market value. ICVWA UVE witness Mr. Harold Walker of Gannett Fleming Valuation and Rate Consultants, LLC,

[10] 66 Pa. C.S. § 1329(c)-(f)

supported that his analysis of the valuation approaches[11] resulted in an average fair market value of approximately $40.8 million.[12]

PAWC's UVE witness Mr. Jerome Weinart of Weinart Appraisal and Depreciation Services, LLC, supported that his analysis of the valuation approaches resulted in an average fair market value of approximately $38.7 million.[13]

The resulting average of the two fair market value conclusions is approximately $39.8 million.

Q. How do the original cost-based valuations measure compare to the proposed purchase price and fair market value conclusions?

A. Mr. Walker's analysis supports that the Original Cost New Less Depreciation ("OCNLD") of the System's utility plant in service as of May 30, 2025, was approximately $22.8 million.[14] Similarly, Mr. Weinart's analysis supports that the Depreciated Original Cost ("DOC") of the System was approximately $22.9 million.[15]

The Asset Purchase Agreement ("APA") includes a purchase price of $32,800,000.[16] Accordingly, the traditional original cost-based valuation measures reflected in the record are approximately $10 million below the purchase price and approximately $17 million below the average appraised fair market value conclusions.

[11] The valuation approaches consist of the cost, income, and market approaches. Consistent with the Pennsylvania Public Utility Commission's Final Supplemental Implementation Order("FSIO") entered June 13, 2024, at Docket No. M-2016-2543193, the approaches were weighted equally on a one-third basis absent justification for alternative weighting.
[12] Direct Testimony of Harold Walker, p. 27, lines 10-13.
[13] Direct Testimony of Jerome C. Weinart p. 3, lines 6-11.
[14] Direct Testimony of Harold Walker, p. 17, lines 7-14.
[15] Direct Testimony of Jerome C. Weinart p. 13, lines 1-6.
[16] Application at 6, ¶ 11.

Q. Does the record indicate that the proposed transaction satisfies the Revenue Requirement Ratio ("RRR") limitations associated with Section 1329?

A. Yes. According to the Application and supporting testimony, the purchase price satisfies the applicable RRR limitations associated with the Section 1329 fair market value process.[17] In addition, the negotiated purchase price is below the average appraised fair market value conclusions reflected in the record.

However, compliance with Section 1329 framework does not, by itself, establish that the resulting ratemaking treatment is reasonable under the specific facts of this proceeding. Section 1329 permits the Commission to impose conditions of approval, and I believe such conditions are appropriate here given the customer impacts, the difference between the purchase price and traditional original cost-based valuation measures, and the fact that many of the asserted customer benefits depend upon future improvements that have not yet been implemented.

Q. Are you challenging the appraisals or the Section 1329 framework?

A. No. I am not challenging the merits of the appraisals as prepared by the UVEs nor am I suggesting the Commission disregard the Section 1329 framework established by the Code. Rather, my concerns relate to the extent and timing of acquisition-related customer impacts associated with PAWC's requests in this proceeding.

VI. CUSTOMER IMPACTS AND AQUISITON PREMIUM CONCERNS

Q. Do you oppose PAWC acquiring the ICVWA System?

A. No. I do not oppose the transaction itself. I recognize that the transaction may provide operational and compliance-related benefits for customers. My

[17] See Application at 15-16, ¶ 45 (stating that the depreciated original cost of the System multiplied by the applicable RRR of 1.63 equals approximately $37.3 million).

recommendations are intended to protect customers from bearing acquisition-related rate impacts *before* the Commission has had an opportunity to review the customer benefits resulting from the transaction.

Q. What aspect of the Application concerns you?

A. While I do not oppose the transaction itself, I have concerns with PAWC's proposed ratemaking treatment under Section 1329 and its request to collect DSIC charges related to the System prior to the Company's first base rate case in which the System is incorporated into rate base.

Specifically, I am concerned that the proposed ratemaking value substantially exceeds the traditional original cost-based valuation and that many of the asserted customer benefits associated with the transaction are dependent upon future investments and improvements that have not yet occurred. While I recognize that Section 1329 establishes the statutory framework for determining ratemaking rate base associated with qualifying acquisitions, I believe recovery associated with amounts above net book value should correspond to demonstrated customer benefits.

Q. Why is the difference between the proposed purchase price and net book value relevant to your concerns regarding customer impacts?

A. The potential customer impacts associated with the transaction would be substantially lower if based upon the original cost-based valuation measures reflected in the record rather than the purchase price. Based on the customer notice calculations included in the filing, the estimated standalone residential rate impacts associated with the proposed purchase price exceeds *100%*.[18] By comparison, if

[18] Direct Testimony of Dr. Christina Chard, Appendix A-14-a

recovery were based upon the average of the traditional original cost-based valuation measures reflected in the record, the estimated standalone customer impacts would be roughly 64.4%.[19]

Accordingly, the acquisition premium is materially relevant to the magnitude of acquisition-related customer recovery associated with the transaction.

Q. Does the purchase price support recovery of the acquisition premium to be included in rate base?

A. No. The purchase price reflects the amount PAWC and ICVWA agreed to for purposes of the transaction. In an ordinary commercial negotiation, a buyer generally has an incentive to minimize the purchase price and a seller generally has an incentive to maximize it. In a regulated utility acquisition, however, the buyer may also consider the extent to which the acquisition price may be recoverable through rates under the applicable statutory framework.

For that reason, the purchase price should not be treated as conclusive evidence that the acquisition premium represents value added for customers or that customers should bear all acquisition-related costs above traditional original cost-based valuation measures. Rather, the Commission should evaluate the requested ratemaking treatment based on the facts of this case.

Q. What potential benefits does the Authority identify in support of the proposed transaction?

A. Mr. Witt states that "PAWC will provide critical operational and maintenance experience to maintain the System in a manner that is much more beneficial to the

[19] Calculated by applying the customer impact methodology reflected in the application using the average of the traditional original cost-based valuation measures reflected in the record in place of the proposed purchase price.

Authority customers and area residents."[20] Further, he states that "PAWC is better able to quickly solve multiple issues that threaten environmental compliance that can range from identifying broken waterlines to treatment facility breakdowns."[21]

These statements support that the proposed transaction may provide meaningful operational and compliance-related benefits to the System and its customers.

Q. Has PAWC identified specific investments or improvements that are consistent with Mr. Witt's statements on potential benefits of the transaction?

A. Yes. According to PAWC Witness Mr. Jed Fiscus, the five-year capital plan for the system is estimated to be $10.1 million. He states that these investments are intended to address compliance projects, replace the System's aging infrastructure, replace areas that have unacceptable high non-revenue water, make plant process improvements that will yield environmental, safety and security performance and improve operational efficiency.[22]

These planned investments are generally consistent with the operational, compliance and infrastructure concerns identified by Mr. Witt. They also reinforce that many of the benefits relied upon to support the proposed transaction are prospective and will depend upon PAWC's implementation of the planned improvements.

[20] Direct Testimony of R. Kerry Witt, p. 5 lines 15-17
[21] Id. p. 10, lines 8-10.
[22] Direct Testimony of Jed Fiscus, p. 15 lines 15-20.

Q. Why is it important to distinguish between PAWC's planned post-acquisition improvements and the acquisition premium?

A. It is important because the planned improvements are the activities expected to improve the System's operations, infrastructure, compliance performance, safety, security, and efficiency. By contrast, the acquisition premium above traditional original cost-based valuation measures does not represent investment in replacement infrastructure. Nor does it, by itself, reduce non-revenue water, improve treatment processes, or resolve compliance issues.

To realize the benefits asserted by the Company in support of the transaction, Customers will ultimately pay for (1) the on-going operation and maintenance expenses, taxes, depreciation, and other revenue requirement components associated with PAWC's on-going costs to operate the System; and (2) additional capital improvements, including the $10.1 million five-year plan identified in this proceeding. These costs will ultimately flow to customers through increased rates.

Under these circumstances, the Commission should carefully evaluate whether customers should also bear acquisition-related costs above traditional net book value, particularly before the planned improvements are implemented and producing measurable customer benefits.

Q. Why is it important for the Commission to review realized customer benefits before authorizing ratemaking impacts?

A. The benefits customers will receive as a result of this transaction depend on PAWC's infrastructure investment and ability to improve the System's compliance performance and service quality. Importantly, Section 1329 reflects a legislative policy encouraging the acquisition of smaller systems with operational needs.

Implicit in the framework is the expectation that such acquisitions will result in meaningful system improvements and customer benefits.

Further, because American Water is a large and financially sophisticated utility company engaged in numerous acquisition and infrastructure investment activities and ICVWA is a relatively small system with identified operational and infrastructure needs, it is reasonable for the Commission to ensure that the planned improvements for this System remain a priority within the Company's broader acquisition and capital investment program.

Importantly, the transaction is expected to provide benefits not only to the System and its customers, but also to the Company and its shareholders. Under these circumstances, it is reasonable for the Commission to carefully evaluate the ratemaking impacts of this transaction.

VII. RECOMMENDATION

Q. What do you recommend the Commission do in this proceeding?

A. I recommend that the Commission approve the proposed transaction subject to appropriate customer protections and conditions.

I recommend that the Commission reserve determination on whether any acquisition premium should be included in rate base until the planned investments identified in this proceeding have been completed. At that time, PAWC should bear the burden of demonstrating that the requested recovery is supported by customer benefits and system improvements, and that the acquisition premium is appropriately allocated between PAWC's pre-existing customers and the customers of the ICVWA. In evaluating any such recovery, the Commission should also consider the importance of gradualism and customer rate impacts.

Additionally, while Section 1329 authorizes DSIC recovery associated with acquired systems prior to a base rate case, it also contemplates a rate stabilization plan.[23] Given the potential impact of the transaction on customers, I recommend that the Commission delay implementation of DSIC charges for ICVWA customers until the Company's first base rate proceeding involving the System. At that time, the Commission can evaluate the extent to which the planned improvements identified in this proceeding have been implemented and are producing measurable customer benefits and can comprehensively assess the resulting customer impacts.

Q. Does this conclude your direct testimony?

A. Yes.

[23] 66 Pa. C.S. § 1329(d)(1)(v)

EXHIBIT ES-1

Resume & Expert Testimony List

of

Celia B. Hashlamoun

Celia Hashlamoun

Senior Consultant | Energy Strategies, LLC
111 East Broadway, Suite 1200, Salt Lake City, UT 84111
chashlamoun@energystrat.com

PROFESSIONAL EXPERIENCE

Senior Consultant
Energy Strategies, LLC. | Salt Lake City, Utah | 2025 – Present
Member of the firm's regulatory practice, supporting a broad range of energy-related matters. Responsibilities include evaluating utility regulatory filings, analyzing work papers and financial models, and developing discovery requests to support regulatory proceedings. Provides analytical and strategic support across diverse energy projects to assist clients in navigating market and regulatory environments.

Regulatory Consultant
Enbridge Gas Ohio (formerly Dominion Energy Ohio) | Cleveland, Ohio | 2018-2025
Contributed to the development of regulatory strategy in support of company filings and compliance efforts. Conducted detailed financial analyses, led cost recovery filings and related regulatory audits, developed expert witness testimony and provided strategic support to internal teams across the company.

Analyst IV – Rate Strategy
FirstEnergy Corp. | Akron, Ohio | 2009 – 2018
Held increasing responsibilities within the Rates & Regulatory Affairs team, progressing to Analyst IV. Designed and maintained financial models to evaluate various regulatory scenarios. Collaborated with cross-functional teams to assess and quantify the impact of proposed regulatory changes.

Investment Banking Analyst
Plante Moran Corporate Finance | Cleveland, Ohio | 2008 – 2009
Conducted regional and industry-specific trend analyses to support market overviews and client deliverables. Performed financial valuation analyses for strategic and transactional purposes.

VALUATION ANALYST

APPLE GROWTH PARTNERS | MAYFIELD VILLAGE, OHIO | 2007 – 2008

Assisted in preparing valuation reports for various purposes, including domestic relations, estate and gift tax, ESOPs, mergers and acquisitions, and feasibility studies. Conducted industry and economic research to support company-specific forecasts and assumptions.

EDUCATION

BACHELOR OF SCIENCE, BUSINESS ADMINISTRATION

Concentration in Corporate Finance
University of Akron | 2007

Expert Testimony

OHIO

"In the Matter of the Application of The East Ohio Gas Company d/b/a Enbridge Gas Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges," Public Utilities Commission of Ohio, Docket No. 26-619-GA-RDR. Direct testimony submitted April 1, 2026.

"In the Matter of the Application of The East Ohio Gas Company d/b/a Enbridge Gas Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges," Public Utilities Commission of Ohio, Docket No. 25-619-GA-RDR. Direct testimony submitted March 31, 2025. Supplemental direct submitted December 17, 2025.

In the Matter of the Application of The East Ohio Gas Company d/b/a Enbridge Gas Ohio for Approval to Increase Natural Gas Rates, Public Utilities Commission of Ohio, Docket No. 23-894-GA-AIR et al. Direct testimony submitted November 14, 2023; Supplemental Direct testimony submitted August 9, 2024; Second Supplemental Direct testimony submitted December 18, 2024; Rebuttal testimony submitted February 5, 2025; and testified at hearing January 16, 2025 and February 12, 2025

"In the Matter of the Application of The East Ohio Gas Company d/b/a Enbridge Gas Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges," Public Utilities Commission of Ohio, Docket No. 24-619-GA-RDR. Direct testimony submitted March 28, 2024.

"In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges," Public Utilities Commission of Ohio, Docket No. 23-619-GA-RDR. Direct testimony submitted March 30, 2023.

"In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges," Public Utilities Commission of Ohio, Docket No. 22-619-GA-RDR. Direct testimony submitted April 1, 2022. Supplemental Direct testimony submitted August 31, 2022.

"In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of an Alternative Form of Regulation," Public Utilities Commission of Ohio, Docket No. 21-1109-GA-ALT. Direct Testimony submitted November 30, 2021.

"In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Authority to Adjust Its Capital Expenditure Program Rider Charges," Public Utilities

Commission of Ohio, Docket No. 21-619-GA-RDR. Direct testimony submitted April 1, 2021. Testimony in Support of Stipulation submitted September 10, 2021.

"In the Matter of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of an Alternative Form of Regulation," Public Utilities Commission of Ohio, Docket No. 19-468-GA-ALT. Direct testimony submitted May 1, 2019.

Pennsylvania

"In the Matter of the Joint Application of American Water Works Company, Inc., et al." Pennsylvania Public Utility Commission, Docket No. A-2025-3055551 et al. Direct Testimony submitted October 14, 2025; Surrebuttal Testimony submitted November 13, 2025.

"Joint Application of American Water Works Company, Inc., et al.," Pennsylvania Public Utility Commission, Docket Nos. A-2025-3058927 et al. Direct Testimony submitted May 21, 2026.

New Jersey

"In the Matter of the Verified Petition of Jersey Central Power & Light Company ('2016 Base Rate Filing')." New Jersey Board of Public Utilities, Docket No. ER1604038. Direct testimony submitted April 28, 2016.

New Mexico

"In the Matter of Southwestern Public Service Company's Application for: (1) Revision of Its Retail Rates Under Advice Notice No. 341; and (2) Other Associated Relief," New Mexico Public Regulation Commission, Case No. 25-00079-UT. Direct Testimony submitted May 1, 2026.

"In the Matter of Southwestern Public Service Company's Application for Approval of Long-Term Purchased Power Agreements for Battery Energy Storage Systems and Related Relief," New Mexico Public Regulation Commission, Case No. 25-00085-UT. Direct testimony submitted March 20, 2026; Testimony in Support of Stipulation submitted April 17, 2026.

"In the Matter of Southwestern Public Service Company's Application for Certificates of Public Convenience and Necessity and Related Ratemaking and Regulatory Approvals," New Mexico Public Regulation Commission, Case No. 25-00066-UT. Direct testimony submitted December 23, 2025; Rebuttal Testimony submitted January 12, 2026; testified at hearing January 28, 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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	**Docket No. A-2025-3055741**

VERIFICATION

I, Celia B. Hashlamoun, hereby state that the facts set forth in my Direct Testimony and Exhibit, labelled OSBA Statement No. 1, with associated Exhibit ES-1, 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 herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: May 29, 2026

Celia Hashlamoun

Celia B. Hashlamoun

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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	**:**	**Docket No. A-2025-3055741**

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Katrina L. Dunderdale
Administrative Law Judge
Pennsylvania Public Utility Commission
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Legal Assistant Branwen Shoop
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The Honorable Ann Quimby
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Date: June 1, 2026

/s/ Steven C. Gray
Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

COMMONWEALTH OF PENNSYLVANIA

June 15, 2026

The Honorable Katrina L. Dunderdale
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place
301 Fifth Avenue, Suite 220
Pittsburgh, PA 15222

The Honorable Ann Quimby
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place
301 Fifth Avenue, Suite 220
Pittsburgh, PA 15222

Re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania / Docket No. A-2025-3055741

Dear Judge Dunderdale and Judge Quimby:

Enclosed please find the Surrebuttal Testimony of Celia B. Hashlamoun, labelled OSBA Statement No. 1-SR, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-referenced proceeding.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Steven C. Gray

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures
cc: PA PUC Secretary Matthew L. Homsher (Cover Letter & Certificate of Service Only)
Celia Hashlamoun / Kevin Higgins
Parties of Record

OSBA STATEMENT NO. 1-SR

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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	:	**Docket No. A-2025-3055741**

SURREBUTTAL TESTIMONY

of

CELIA B. HASHLAMOUN

on behalf of

Pennsylvania Office of Small Business Advocate

Topics:
Rate Base Impact

Date Served: June 15, 2026

Date Submitted for the Record: _____

SURREBUTTAL TESTIMONY OF CELIA B. HASHLAMOUN

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Celia Hashlamoun. My business address is 111 East Broadway, Suite 1200, Salt Lake City, Utah, 84111.

Q. By whom are you employed and in what capacity?

A. I am a Senior Consultant at Energy Strategies, LLC. Energy Strategies is a private consulting firm specializing in economic and policy analysis applicable to energy production, transportation, and consumption.

Q. Are you the same Celia Hashlamoun who submitted Direct Testimony in this proceeding on behalf of the Pennsylvania Office of Small Business Advocate ("OSBA")?

A. Yes.

Q. What is the purpose of your Surrebuttal Testimony?

A. I am responding to the rebuttal testimony of the Pennsylvania-American Water Company ("PAWC") witness Dr. Chrisina E. Chard. Specifically, I will address Dr. Chard's characterization of my recommendation regarding the acquisition premium under Section 1329.

II. CONCLUSIONS

Q. What conclusions do you offer in your testimony?

My Surrebuttal Testimony clarifies that I do not oppose the proposed acquisition and that my recommendations are focused on customer impacts associated with the proposed ratemaking treatment. Specifically, my testimony addresses the

appropriateness of considering customer benefits and system improvements when evaluating recovery associated with any acquisition premium. In particular, I continue to recommend that the Commission reserve determination regarding recovery of any acquisition premium until PAWC has completed the planned improvements identified in this proceeding and demonstrated the resulting system improvements and benefits to customers.

III. RESPONSE TO PAWC'S POSITION ON THE RATEMAKING TREATMENT OF THE ACQUISITION PREMIUM

Q. How do you respond to PAWC witness Dr. Chard's assertion that your recommendation would frustrate the purpose of Section 1329 and cannot be accepted.

A. I disagree. My recommendation does not ask the Commission to disregard Section 1329 or reject the acquisition. Rather, consistent with my direct testimony, I believe it is reasonable for the Commission to consider customer benefits and system improvements when evaluating the requested recovery associated with any acquisition premium.

Q. Why is it important to distinguish between the acquisition premium itself and the benefits from the acquisition?

A. The purchase of the System may provide a potential avenue toward an improved system that benefits customers, but the purchase itself is not a realized customer benefit. The benefits relied upon in support of the transaction are largely associated with *future* operational and infrastructure improvements. The acquisition premium is distinct from the future operational and infrastructure improvements. It does not, by itself, replace aging infrastructure, reduce non-revenue water, improve treatment processes, or resolve compliance issues. Accordingly, I continue to recommend that the Commission reserve determination regarding recovery of any acquisition

premium until PAWC has completed the planned improvements and demonstrated the resulting benefits to customers.

Q. Does this conclude your surrebuttal testimony?

A. Yes.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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VERIFICATION

I, Celia B. Hashlamoun, hereby state that the facts set forth in my Surrebuttal Testimony, labelled OSBA Statement No. 1-SR, 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 herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 15, 2026

Celia Hashlamoun

Celia B. Hashlamoun

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 rights related to the water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of, Saltlick, Springfield, Bullskin, Connellsville, and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania	**:**	**Docket No. A-2025-3055741**

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Date: June 15, 2026

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