

**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), for approval of (1) the transfer, :
by sale, to Pennsylvania-American Water Company, of : Docket No. A-2021-3024681, *et*
substantially all of the assets, properties and rights related to : *al.*
the wastewater collection and treatment system owned by the :
York City Sewer Authority and operated by the City of York, :
(2) the rights of Pennsylvania-American Water Company to :
begin to offer or furnish wastewater service to the public in :
the City of York, Pennsylvania, and to three bulk service :
interconnection points located in North York Borough, :
Manchester Township and York Township, York County, :
Pennsylvania, and (3) the rights of Pennsylvania-American :
Water Company to begin to offer and furnish Industrial :
Pretreatment Program to qualifying industrial customers in :
Manchester Township, Spring Garden Township and West :
Manchester Township, York County, Pennsylvania

**JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF ALL ISSUES**

I. INTRODUCTION

Pennsylvania-American Water Company (“PAWC”); the City of York (“City”); the York City Sewer Authority (“Authority”); the Office of Consumer Advocate (“OCA”); the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”); the Office of Small Business Advocate (“OSBA”); Manchester Township, North York Borough, Spring Garden Township, West Manchester Township and York Township (together, the “Municipalities”¹); and The York Water Company (“York Water”²) (singularly, a

¹ The Municipalities only join Paragraphs 22, 30, 31(b), 33, and 41-46 of this Settlement and take no position as to the remainder of the Settlement.

² York Water only joins Paragraphs 22, 32-33 and 41-46 of this Settlement and takes no position as to the remainder of the Settlement.

“Petitioner” and collectively, the “Joint Petitioners”) hereby join in this “Joint Petition for Approval of Unanimous Settlement of All Issues” (“Settlement”), and respectfully request that the Honorable Administrative Law Judge Steven K. Haas (the “ALJ”) recommend approval of, and the Commission approve, this Settlement without modification. The Settlement resolves all issues in this proceeding.

In support of the Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. PAWC, the City and the Authority entered into an Asset Purchase Agreement (“the APA”) dated as of April 6, 2021, by which PAWC will purchase the wastewater system (the “System”) presently owned by the Authority and operated by the City (together, “York”).

2. On July 1, 2021, PAWC filed an application (as amended on August 8, 2021, the “Application”) at Docket No. A-2021-3024681 *et al.*, asking the Commission to approve its acquisition of the System (the “Transaction”) pursuant to 66 Pa. C.S. §§ 507, 1102 and 1329.

3. On July 12, 2021, the OSBA filed its Notice of Intervention.

4. On July 21, 2021, Counsel for I&E filed her Notice of Appearance.

5. On July 23, 2021, staff from the Commission’s Bureau of Technical Utility Services (“TUS”) notified PAWC that they had performed a completeness review of the Application and determined that certain information was missing. On August 6, 2021, PAWC filed the information requested by TUS following its completeness review.

6. On July 26, 2021, the OCA filed its Protest.

7. On August 3, 2021, the Authority filed its Petition to Intervene.

8. On August 12, 2021, the Commission notified PAWC that the Application had been conditionally accepted for filing. According to that Secretarial Letter, the Commission would not finally accept the Application until PAWC complied with certain service and notice requirements.

9. An amendment to the Application was filed on October 22, 2021 to comply with the August 12, 2021 Secretarial Letter. On October 27, 2021, PAWC filed a verification stating that it had complied with all service and notice requirements of the Secretarial Letter of August 12, 2021.

10. On October 29, 2021, the Commission notified PAWC that it had finally accepted the Application. The Commission further notified PAWC that notice of the Application would be published in the *Pennsylvania Bulletin* on November 27, 2021³ with a protest deadline of December 13, 2021.

11. The Commission issued a Call-in Telephonic Pre-Hearing Conference Notice scheduling a Pre-Hearing Conference for December 14, 2021. The ALJ issued his Prehearing Conference Order on November 22, 2021. The Pre-Hearing Conference was held as scheduled on December 14, 2021.

12. On November 8, 2021, the City filed a Petition to Intervene.

13. On December 9, 2021, York Water filed a Protest.

14. On December 10, 2021, each of the Municipalities filed a Protest.

15. A telephonic public input hearing was held on January 5, 2022.

16. On January 14, 2022, PAWC filed revised Appendices 25.7 and 25.8 to the Application

17. On February 1, 2022, PAWC filed Appendix A-25.9 to the Application.

³ The notice was published at 51 *Pa. Bull.* 7390 (November 27, 2021).

18. An evidentiary hearing was held on January 19, 2022.

III. SETTLEMENT TERMS

The Joint Petitioners Agree as follows:

Approval of Application

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

Approval of PAWC's Adoption of Existing Industrial Pretreatment Program ("IPP")

20. The Joint Petitioners agree that the Commission should approve an IPP service territory that includes each current IPP customer located outside the City's municipal boundaries, as shown on the Application's Appendix A-16-a through e – IPP. The *pro forma* tariff attached to the Application as **Amended Appendix A-12** includes fees for IPP service.

21. In its first rate case filed after closing on the Transaction ("Closing"), PAWC will provide a report on which York IPP customers have remained with PAWC and which are no longer receiving IPP service. In the first rate case filed after the Closing date, PAWC also agrees to provide cost of service information for the IPP service as it is developed at that point in time. If PAWC has not completed its cost of service information for the IPP service rates prior to the first rate case filed after the Closing date, it agrees to provide the cost of service calculation and comparison to existing IPP rates to the statutory advocates as part of its subsequent rate filing.

Tariff

22. The *pro forma* tariff submitted as **Amended Appendix A-12**, including all rates, rules and regulations regarding conditions of PAWC's wastewater service, shall be permitted to become effective immediately upon Closing.

Rates

23. Except as explicitly agreed upon in this Settlement, nothing contained herein or in the Commission's approval of the Application shall preclude any Joint Petitioner from asserting any position or raising any issue in a future PAWC proceeding.

24. In the first base rate case that includes System assets:

a. PAWC will propose to move the System to 1.47x the current System rate or PAWC's proposed Rate Zone 1 system-average wastewater rates, whichever is lower.

b. PAWC may propose an effective date for new rates for the System that is different from the effective date of new rates for other customers, provided that such effective date is at least three years after the Closing.

c. PAWC may agree to rates other than those proposed for System customers in the context of a settlement of the base rate case.

d. OCA, I&E and OSBA reserve their rights to address PAWC's rate proposals fully, and to make other rate proposals. The Parties expressly recognize the Commission's ultimate ratemaking authority to set just and reasonable rates and, notwithstanding anything to the contrary contained in this Paragraph, may enter into a settlement of the base rate case, whether full or partial and whether unanimous or non-unanimous, on reasonable terms and conditions.

e. The current rate for System residential wastewater customers with an average usage of 3,458 gallons per month is approximately \$32.60.

Fair Market Value for Ratemaking Rate Base Purposes

25. The Joint Petitioners agree that, pursuant to 66 Pa. C.S. § 1329, PAWC shall be permitted to use \$231,500,000 for ratemaking rate base purposes for the acquired System.

26. The Joint Petitioners agree that PAWC may record the acquisition at the net value of the assets (\$231,500,000) , consistent with generally accepted accounting principles.

Distribution System Improvement Charge

27. PAWC will not include System-related investments in its distribution system improvement charge (“DSIC”) until PAWC collects a DSIC from System customers. PAWC shall be permitted to collect a DSIC from System customers upon (i) PAWC’s filing of an amended wastewater Long-Term Infrastructure Improvement Plan (“Amended LTIIP”) including the System which does not re-prioritize other existing commitments in other service areas, (ii) the Commission’s approval of the Amended LTIIP, as may be modified in the discretion of the Commission, and (iii) PAWC’s filing of a compliance tariff supplement which incorporates the System into PAWC’s DSIC tariff, including all customer safeguards applicable thereto, after Commission approval of the Amended LTIIP. Nothing in this Paragraph shall be construed to modify the terms of Section 6.04(a) of the APA establishing that the DSIC shall not be charged to System customers until PAWC’s next Commission-approved base rate case.

Claims for Allowance for Funds Used During Construction and Deferred Depreciation

28. The Joint Petitioners acknowledge that the Application includes a request that (i) PAWC be permitted to accrue Allowance for Funds Used During Construction (“AFUDC”) for post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes and (ii) PAWC be permitted to defer depreciation related to post acquisition improvements not recovered through the DSIC for book and ratemaking purposes. Any claims for AFUDC and

deferred depreciation related to post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes will be addressed in PAWC's first base rate case which includes System assets. The Joint Petitioners reserve their rights to litigate their positions fully in future rate cases when these issues are ripe for review. The Joint Petitioners' assent to this term should not be construed to operate as their preapproval of PAWC's requests.

Transaction and Closing Costs

29. The Joint Petitioners acknowledge that the Application includes a request that PAWC be permitted to claim transaction and closing costs associated with the acquisition of the System. The Joint Petitioners agree that they will not contest these requests in this proceeding, but they reserve their rights to litigate their positions fully in future rate cases when this issue is ripe for review. The Joint Petitioners' assent to this term should not be construed to operate as their preapproval of PAWC's request.

30. The inclusion of outside legal fees, if any, in PAWC's transaction and closing costs under the APA between PAWC, the City and the Authority shall be separately identified in PAWC's next base rate case and amounts expended by PAWC on behalf of the City or the Authority will be separately identified. The OCA, I&E and OSBA reserve the right to challenge the reasonableness, prudence, and basis for such fees.

Approval of Section 507 Agreements

31. Pursuant to 66 Pa. C.S. § 507:⁴
- a. the Commission shall issue Certificates of Filing or approval for the APA;
 - b. the Commission shall issue Certificates of Filing or approval for the *pro*

⁴ The OCA does not join in this Paragraph but does not oppose PAWC's request.

forma Wastewater Treatment and Conveyance Agreement, filed on January 12, 2022, which will be entered into, in a substantially-similar form, by PAWC and each of the Municipalities separately (“Municipalities Bulk Agreement”), subject to review by the Commission in PAWC’s first base rate case following Closing; and

c. the Commission shall issue Certificates of Filing or approval for the *pro forma* Articles of Agreement, filed on January 12, 2022, which will be entered into, in a substantially-similar form, by PAWC and Springettsbury Township (“Springettsbury Bulk Agreement”), subject to review by the Commission in PAWC’s first base rate case following Closing.

Approval of York Water Bulk Agreement

32. The Commission approves the *pro forma* Wastewater Treatment and Conveyance Agreement, filed on February 1, 2022, which will be entered into, in a substantially-similar form, by PAWC and York Water, subject to review by the Commission in PAWC’s first base rate case following Closing and in York Water’s base rate cases following Closing.

Closing Conditions Related to Bulk Agreements

33. Closing on the transaction shall be conditioned on (a) filing of an executed bulk agreement, substantially similar to the Municipalities Bulk Agreement, by PAWC separately with each of the Municipalities and York Water, (b) each Municipality and York Water receiving the transportation funds owed to each of them from the City at the time of Closing on the transaction; and (c) the City, York Water, and the Municipalities executing an Intermunicipal Agreement whereby each of Municipalities and York Water will pay any amount owed by or at Closing and the City will pay, at the time of Closing, an amount equal to the total of the underpayment of West York Borough minus the net amount due to the City to reconcile a City of York Wastewater

Treatment Plant debt service billing error. The City reserves all rights to collect the debt service underpayment from West York Borough. Additionally, the Intermunicipal Agreement for the debt service billing reconciliation must state the amount of West York Borough's debt service underpayment that arose before York Water's closing on the West York Borough wastewater system. Further, the Intermunicipal Agreement must provide that: (1) the City agrees West York Borough is solely responsible for any claims arising from West York Borough's obligations prior to York Water's ownership of the West York Borough wastewater system; (2) the City waives any claims for payment from York Water for any West York Borough underpayment amount that accrued prior to York Water's ownership of the West York Borough wastewater system; and (3) the City does not waive any claims for payment from York Water for any York Water underpayment amount that accrued following York Water's ownership of the West York Borough wastewater system. Each of the Municipalities and York Water agrees to pay in full the final estimated sewer service invoice for services rendered through Closing as required by the intermunicipal agreements currently in place between each of the Municipalities and York Water and the City. Additionally, the City shall establish an account at Closing of \$2,000,000 to be held in escrow for City obligations to the Municipalities and York Water pending completion of the final audit and reconciliation of the sewer charges for 2019, 2020, 2021 and any relevant future period prior to Closing as required by the intermunicipal agreements currently in place between each of the Municipalities and York Water and the City. As part of that final audit and reconciliation process, the City shall provide all documentation and audited statements that the City used to calculate the balances of the transportation funds for each of the Municipalities and York Water as well as sewer charges for 2019 to the present. Such documentation and audited statements shall be in sufficient detail to enable the Municipalities and York Water to confirm that:

(1) the transportation fund balances were correctly calculated by the City; (2) no portion(s) of the transportation fund balances were omitted by the City; and (3) the reconciliation of sewer charges for the years 2019 to present are true and correct. If the Municipalities or York Water contest the City's reconciliation calculations, any proposed adjustments must be supported by documentation in sufficient detail to enable the City to confirm the correctness of the proposed adjusted calculations. Through this Settlement, the City agrees that York Water and the Municipalities have the legal right to pursue payment from the City of the remaining portion(s) of any such transportation fund balances that the City failed to refund, including any amounts in excess of the \$2 million to be held in escrow for the City's obligations to the Municipalities and York Water. Additionally, in recognition of the resolution on the Municipalities' and York Water's Bulk Agreements, the Municipalities, York Water, and the City shall jointly request by February 2, 2022, that the arbitrator issue an Order staying the consolidated proceedings docketed before the American Arbitration Association at AAA Case Nos. 01-21-0016-2228 and 01-21-0016-2942 and postponing all pending deadlines relating to discovery, motions, expert reports, and hearing dates in those proceedings pending issuance of a Final PUC Order approving the settlement. The Municipalities, York Water, and the City agree not to commence litigation in any court, forum, or tribunal raising the claims asserted by each of them, if any, in the consolidated arbitration proceedings while such stay remains in effect. In the event that the PUC modifies or does not approve the parties' settlement, any party shall have the right to request that the arbitrator lift the stay, in which case the Municipalities, York Water, and the City agree that they will then jointly request a case management conference with the arbitrator to set new dates for completion of discovery, motions, expert reports, and hearing in those consolidated proceedings.

34. Closing on the Transaction shall be conditioned on filing of an executed bulk agreement, substantially similar to the Springettsbury Bulk Agreement, by PAWC with Springettsbury Township.

Cost of Service Studies

35. In the first base rate case that includes the System's assets, PAWC will submit a cost of service study that removes all costs and revenues associated with the operation of the System.

36. In the first base rate case that includes the System's assets, PAWC will also provide a separate cost of service study for the System.

Low Income Program Outreach

37. Within the first billing cycle following Closing on the System, PAWC shall include a bill insert to System customers regarding its low income programs and shall include such information in a welcome letter to System customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low income programs, eligibility requirements for participation in the programs, and PAWC's contact information. PAWC also agrees to ongoing, targeted outreach to its York-area wastewater customers regarding its low income programs.

Other Necessary Approvals

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

39. Except as set forth in the next Paragraph, the Transaction shall not be permitted to occur unless and until York has: (1) identified all missing easements including public rights-of-way and other property rights; (2) taken any and all necessary actions to obtain the missing easements and other property rights so that they may be conveyed to PAWC at Closing; and (3) borne all costs and expenses for obtaining and conveying the missing easements and other property rights.

40. Approval of PAWC's Application is conditioned as follows: that for circumstances beyond York's control where it is unable to transfer all missing easements including public rights-of-way and other property rights before or at the Closing, PAWC and York may at their discretion Close the Transaction without the transfer of missing easements and other property rights, provided that an escrow account be established of an appropriate dollar amount from the purchase price to be used to obtain any post-closing transfers of the easements and other real property rights.

Standard Settlement Conditions

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

42. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Settlement and the proceedings continue,

the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

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

44. To the extent possible, the Joint Petitioners shall jointly prepare and submit a Joint Stipulation of Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs. The Joint Petitioners further agree that the facts agreed to in the Joint Stipulation are sufficient to find that the Settlement is in the public interest.

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

46. If the ALJ recommends approval of the Settlement without modification, the Joint Petitioners will waive their rights to file Exceptions.

IV. REQUEST FOR RELIEF

WHEREFORE, Pennsylvania-American Water Company, the City of York, the York City Sewer Authority, the Office of Consumer Advocate, the Bureau of Investigation and Enforcement, the Office of Small Business Advocate, Manchester Township, North York

Borough, Spring Garden Township, West Manchester Township, York Township and The York Water Company, by their respective counsel, respectfully request that:

(a) The Honorable Steven K. Haas recommend approval of, and the Commission approve, this Joint Petition for Approval of Unanimous Settlement of All Issues as submitted, including all terms and conditions thereof, without modification.

(b) The Application filed by PAWC on July 1, 2021, as amended, be approved, subject to the following conditions:

(1) Such Certificates of Public Convenience be issued as necessary to evidence its approval under 66 Pa. C.S. § 1102(a) of (i) the transfer, by sale, 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 to Pennsylvania-American Water Company, (ii) the right of Pennsylvania-American Water Company to begin to offer, render, furnish and supply wastewater service in the areas served by the wastewater collection and treatment system owned by the York City Sewer Authority and operated by the City of York in the City of York, and to three bulk service interconnection points located in North York Borough, Manchester Township, and York Township, York County, Pennsylvania, and (iii) the right of Pennsylvania-American Water Company to offer and furnish Industrial Pretreatment Program to qualifying industrial customers in Manchester Township, Spring Garden Township, and West Manchester Township, York County, Pennsylvania.

(2) The Commission approve an IPP service territory that includes each current IPP customer located outside the City's municipal boundaries, as shown on the Application's **Appendix A-16-a through e – IPP**. The *pro forma* tariff attached to the Application as **Amended Appendix A-12** includes fees for IPP service.

(3) In its first rate case filed after the Transaction Closing date, PAWC will provide a report on which York IPP customers have remained with PAWC and which are no longer receiving IPP service. In the first rate case filed after the Transaction Closing date, PAWC will provide cost of service information for the IPP service as it is developed at that point in time. If PAWC has not completed its cost of service information for the IPP service rates prior to the first rate case filed after the Transaction Closing date, it agrees to provide the cost of service calculation and comparison to existing IPP rates to the statutory advocates as part of its subsequent rate filing.

(4) The Commission permit PAWC to issue a compliance tariff supplement, consistent with the *pro forma tariff* supplement attached to the Application as **Amended Appendix A-12**, to be effective immediately upon closing of the Transaction.

(5) Except as explicitly agreed upon in the Settlement, nothing contained in the Settlement or the Commission's approval of the Application shall preclude any Joint Petitioner from asserting any position or raising any issue in a future PAWC proceeding.

(6) In the first base rate case that includes the York System:

(i) PAWC will propose to move the York System to 1.47x the current System rate or PAWC's proposed Rate Zone 1 system average wastewater rates, whichever is lower.

(ii) PAWC may propose an effective date for new rates for the System that is different from the effective date of new rates for other customers, provided that such effective date is at least three years after the Closing.

(iii) PAWC may agree to rates other than those proposed for System customers in the context of a settlement of the base rate case.

(iv) OCA, I&E and OSBA reserve their rights to address PAWC's rate proposals fully, and to make other rate proposals. The Parties expressly recognize that the Commission's ultimate ratemaking authority to set just and reasonable rates and, notwithstanding anything to the contrary contained in this Paragraph, may enter into a settlement of the base rate case, whether full or partial and whether unanimous or non-unanimous, on reasonable terms and conditions.

(v) The current rate for System residential wastewater customers with an average usage of 3,458 gallons per month is approximately \$32.60.

(7) Pursuant to 66 Pa. C.S. § 1329, PAWC shall be permitted to use \$231,500,000 for ratemaking rate base purposes for the acquired System.

(8) Pursuant to 66 Pa. C.S. § 1702, PAWC shall be permitted to record the acquisition at the net value of the assets (\$231,500,000), consistent with generally accepted accounting principles.

(9) PAWC will not include System-related investments in its DSIC until PAWC collects a DSIC from System customers. PAWC shall be permitted to collect a DSIC from System customers upon (i) PAWC's filing of Amended LTIP including the System which does not re-prioritize other existing commitments in other service areas, (ii) the Commission's approval of the Amended LTIP, as may be modified in the discretion of the Commission, and (iii) PAWC's filing of a compliance tariff supplement which incorporates the System into PAWC's DSIC tariff, including all customer safeguards applicable thereto, after Commission approval of the Amended LTIP. Nothing in this Paragraph shall be construed to modify the terms of Section 6.04(a) of the APA establishing that the DSIC shall not be charged to System customers until PAWC's next Commission-approved base rate case.

(10) Pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge for book and ratemaking purposes.

(11) Pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to defer depreciation related to post-acquisition improvements not recovered through the DSIC for book and ratemaking purposes.

(12) Pursuant to 66 Pa. C.S. § 1329, Pennsylvania-American Water Company be permitted to include, in its next base rate case, a claim for transaction and closing costs associated with the acquisition of the System.

(13) The inclusion of outside legal fees, if any, in PAWC's transaction and closing costs under the APA between PAWC, the City and the Authority shall be separately identified in PAWC's next base rate case and amounts expended by PAWC on behalf of the City or the Authority will be separately identified.

(14) Pursuant to 66 Pa. C.S. § 507⁵:

(i) The Commission shall issue a Certificate of Filing or approval for the Asset Purchase Agreement By and Among York City Sewer Authority, as Seller, The City of York and Pennsylvania-American Water Company, as Buyer, Dated as of April 6, 2021.

(ii) The Commission shall issue Certificates of Filing or approval for the *pro forma* Wastewater Treatment and Conveyance Agreement, filed on January 12, 2022, which will be entered into, in a substantially-similar form, by PAWC and each of the Municipalities separately, subject to review by the Commission in PAWC's first base rate case

⁵ The OCA does not join in this Paragraph but does not oppose PAWC's request.

following Closing.

(iii) The Commission shall issue Certificates of Filing or approval for the *pro forma* Articles of Agreement, filed on January 12, 2022, which will be entered into, in a substantially-similar form, by PAWC and Springettsbury Township, subject to review by the Commission in PAWC's first base rate case following Closing.

(15) The Commission approve the *pro forma* Wastewater Treatment and Conveyance Agreement, filed on February 1, 2022, which will be entered into, in a substantially-similar form, by PAWC and York Water, subject to review by the Commission in PAWC's first base rate case following Closing and in York Water's base rate cases following Closing.

(16) Closing on the Transaction shall be conditioned on:

(i) Filing of an executed bulk agreement, substantially similar to the Municipalities Bulk Agreement, by PAWC separately with each of the Municipalities.

(ii) Filing of an executed version of the Wastewater Treatment and Conveyance Agreement by PAWC and York Water, which is substantially similar to the version filed with the Commission on February 1, 2022.

(iii) Each Municipality and York Water receiving the transportation funds owed to each of them from the City at the time of Closing on the transaction and the City, York Water, and the Municipalities executing an Intermunicipal Agreement whereby each of Municipalities and York Water will pay any amount owed by or at Closing and the City will pay, at the time of Closing, an amount equal to the total of the underpayment of West York Borough minus the net amount due to the City to reconcile a City of York Wastewater Treatment Plant debt service billing error. The City reserves all rights to collect the debt service underpayment from West York Borough. Additionally, the Intermunicipal Agreement for the debt service billing

reconciliation must state the amount of West York Borough's debt service underpayment that arose before York Water's closing on the West York Borough wastewater system. Further, the Intermunicipal Agreement must provide that: (1) the City agrees West York Borough is solely responsible for any claims arising from West York Borough's obligations prior to York Water's ownership of the West York Borough wastewater system; (2) the City waives any claims for payment from York Water for any West York Borough underpayment amount that accrued prior to York Water's ownership of the West York Borough wastewater system; and (3) the City does not waive any claims for payment from York Water for any York Water underpayment amount that accrued following York Water's ownership of the West York Borough wastewater system. Each of the Municipalities and York Water agrees to pay in full the final estimated sewer service invoice for services rendered through Closing as required by the intermunicipal agreements currently in place between each of the Municipalities and York Water and the City. Additionally, the City shall establish an account at Closing of \$2,000,000 to be held in escrow for City obligations to the Municipalities and York Water pending completion of the final audit and reconciliation of the sewer charges for 2019, 2020, 2021 and any relevant future period prior to Closing as required by the intermunicipal agreements currently in place between each of the Municipalities and York Water and the City. As part of that final audit and reconciliation process, the City shall provide all documentation and audited statements that the City used to calculate the balances of the transportation funds for each of the Municipalities and York Water as well as sewer charges for 2019 to the present. Such documentation and audited statements shall be in sufficient detail to enable the Municipalities and York Water to confirm that: (1) the transportation fund balances were correctly calculated by the City; (2) no portion(s) of the transportation fund balances were omitted by the City; and (3) the reconciliation of sewer charges for the years 2019 to present

are true and correct. If the Municipalities or York Water contest the City's reconciliation calculations, any proposed adjustments must be supported by documentation in sufficient detail to enable the City to confirm the correctness of the proposed adjusted calculations. Through this Settlement, the City agrees that York Water and the Municipalities have the legal right to pursue payment from the City of the remaining portion(s) of any such transportation fund balances that the City failed to refund, including any amounts in excess of the \$2 million to be held in escrow for the City's obligations to the Municipalities and York Water. Additionally, in recognition of the resolution on the Municipalities' and York Water's Bulk Agreements, the Municipalities, York Water, and the City shall jointly request by February 2, 2022, that the arbitrator issue an Order staying the consolidated proceedings docketed before the American Arbitration Association at AAA Case Nos. 01-21-0016-2228 and 01-21-0016-2942 and postponing all pending deadlines relating to discovery, motions, expert reports, and hearing dates in those proceedings pending issuance of a Final PUC Order approving the settlement. The Municipalities, York Water, and the City agree not to commence litigation in any court, forum, or tribunal raising the claims asserted by each of them, if any, in the consolidated arbitration proceedings while such stay remains in effect. In the event that the PUC modifies or does not approve the parties' settlement, any party shall have the right to request that the arbitrator lift the stay, in which case the Municipalities, York Water, and the City agree that they will then jointly request a case management conference with the arbitrator to set new dates for completion of discovery, motions, expert reports, and hearing in those consolidated proceedings.

(iv) Filing of an executed bulk agreement, substantially similar to the Springettsbury Bulk Agreement, by PAWC with Springettsbury Township.

(17) In the first base rate case that includes the System's assets, PAWC will

submit a cost of service study that removes all costs and revenues associated with the operation of the System.

(18) In the first base rate case that includes the System's assets, PAWC will also provide a separate cost of service study for the System.

(19) Within the first billing cycle following closing on the System, PAWC shall include a bill insert to System customers regarding its low income programs and shall include such information in a welcome letter to System customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low income programs, eligibility requirements for participation in the programs, and PAWC's contact information. PAWC also agrees to ongoing, targeted outreach to its York-area wastewater customers regarding its low income programs.

(20) Except as set forth in the following Paragraph, the Transaction shall not be permitted to occur unless and until York has: (1) identified all missing easements including public rights-of-way and other property rights; (2) taken any and all necessary actions to obtain the missing easements and other property rights so that they may be conveyed to PAWC at closing; and (3) borne all costs and expenses for obtaining and conveying the missing easements and other property rights.

(21) For circumstances beyond York's control, where it is unable to transfer all missing easements including public rights-of-way and other property rights before or at the closing of the Transaction, PAWC and York may at their discretion close the Transaction without the transfer of missing easements and other property rights, provided that an escrow account be established of an appropriate dollar amount from the purchase price to be used to obtain any post-closing transfers of the easements and other real property rights.

(22) The issuance of any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application in a lawful manner.

(c) The Commission's proceeding at Docket No. A-2021-3024681 be terminated and marked closed.

Respectfully submitted,



David P. Zambito, Esq. (PA ID 80017)
Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
(717) 703-5892

Susan Simms Marsh, Esq. (PA ID 44689)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
(717) 550-1570

Counsel for *Pennsylvania-American
Water Company*

Thomas T. Niesen, Esq. (PA ID 31379)
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
(717) 255-7600

Counsel for *York City Sewer Authority*

Adeolu A. Bakare, Esq. (PA ID 208541)
Kenneth R. Stark (PA ID 312945)
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
(717) 237-5290

Counsel for *City of York*

Christine Maloni Hoover, Esq. (PA ID
550026)
Erin L. Gannon, Esq. (PA ID 83487)
Harrison W. Breitman, Esq. (PA ID 320580)
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
(717) 783-5048

Counsel for *Office of Consumer Advocate*

(22) The issuance of any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application in a lawful manner.

(c) The Commission's proceeding at Docket No. A-2021-3024681 be terminated and marked closed.

Respectfully submitted,



David P. Zambito, Esq. (PA ID 80017)
Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
(717) 703-5892

Adeolu A. Bakare, Esq. (PA ID 208541)
Kenneth R. Stark (PA ID 312945)
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
(717) 237-5290

Susan Simms Marsh, Esq. (PA ID 44689)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
(717) 550-1570

Counsel for *City of York*

Counsel for *Pennsylvania-American
Water Company*

Thomas T. Niesen, Esq. (PA ID 31379)
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
(717) 255-7600

Counsel for *York City Sewer Authority*

Christine Maloni Hoover, Esq. (PA ID
550026)
Erin L. Gannon, Esq. (PA ID 83487)
Harrison W. Breitman, Esq. (PA ID 320580)
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
(717) 783-5048

Counsel for *Office of Consumer Advocate*

(22) The issuance of any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application in a lawful manner.

(c) The Commission's proceeding at Docket No. A-2021-3024681 be terminated and marked closed.

Respectfully submitted,


David P. Zambito, Esq. (PA ID 80017)
Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
(717) 703-5892

Susan Simms Marsh, Esq. (PA ID 44689)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
(717) 550-1570

Counsel for *Pennsylvania-American
Water Company*

Adeolu A. Bakare, Esq. (PA ID 208541)
Kenneth R. Stark (PA ID 312945)
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
(717) 237-5290

Counsel for *City of York*



Thomas T. Niesen, Esq. (PA ID 31379)
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
(717) 255-7600

Counsel for *York City Sewer Authority*

Christine Maloni Hoover, Esq. (PA ID
550026)
Erin L. Gannon, Esq. (PA ID 83487)
Harrison W. Breitman, Esq. (PA ID 320580)
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
(717) 783-5048

Counsel for *Office of Consumer Advocate*

(22) The issuance of any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application in a lawful manner.

(c) The Commission's proceeding at Docket No. A-2021-3024681 be terminated and marked closed.

Respectfully submitted,

David P. Zambito, Esq. (PA ID 80017)
Jonathan P. Nase, Esq. (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
(717) 703-5892

Susan Simms Marsh, Esq. (PA ID 44689)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
(717) 550-1570

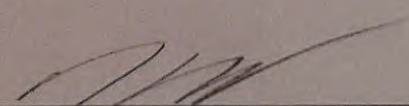
*Counsel for Pennsylvania-American
Water Company*

Adeolu A. Bakare, Esq. (PA ID 208541)
Kenneth R. Stark (PA ID 312945)
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
(717) 237-5290

Counsel for City of York

Thomas T. Niesen, Esq. (PA ID 31379)
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
(717) 255-7600

Counsel for York City Sewer Authority



Christine Maloni Hoover, Esq. (PA ID
550026)
Erin L. Gannon, Esq. (PA ID 83487)
Harrison W. Breitman, Esq. (PA ID 320580)
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
(717) 783-5048

Counsel for Office of Consumer Advocate

Erin K. Fure

Erin K. Fure, Esq. (PA ID 312245)
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
(717) 783-2525

Counsel for *Office of Small Business Advocate*

Carrie Wright, Esq. (PA ID 208185)
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
(717) 783-6170

Counsel for *Bureau of Investigation and Enforcement*

Thomas Wyatt, Esq. (PA ID 89342)
Matthew S. Olesh, Esq. (PA ID 206553)
Sydney N. Melillo, Esq. (PA ID 328031)
Obermayer Rebmann Maxwell & Hippel LLP
Centre Square West
1500 Market Street, Suite 3400
Philadelphia, PA 19102
(215) 665-3000

Counsel for *Manchester Township, North York Borough, Spring Garden Township, West Manchester Township and York Township*

Michael Hassell, Esq. (PA ID 34851)
Devin Ryan, Esq. (PA ID 316602)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
(717) 612-6052

Counsel for *The York Water Company*

Carrie B. Wright

Erin K. Fure, Esq. (PA ID 312245)
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
(717) 783-2525

*Counsel for Office of Small Business
Advocate*

Carrie Wright, Esq. (PA ID 208185)
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
(717) 783-6170

*Counsel for Bureau of Investigation and
Enforcement*

Thomas Wyatt, Esq. (PA ID 89342)
Matthew S. Olesh, Esq. (PA ID 206553)
Sydney N. Melillo, Esq. (PA ID 328031)
Obermayer Rebmann Maxwell & Hippel LLP
Centre Square West
1500 Market Street, Suite 3400
Philadelphia, PA 19102
(215) 665-3000

*Counsel for Manchester Township,
North York Borough, Spring Garden
Township, West Manchester Township
and York Township*

Michael Hassell, Esq. (PA ID 34851)
Devin Ryan, Esq. (PA ID 316602)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
(717) 612-6052

Counsel for The York Water Company

Erin K. Fure, Esq. (PA ID 312245)
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
(717) 783-2525

*Counsel for Office of Small Business
Advocate*



Thomas Wyatt, Esq. (PA ID 89342)
Matthew S. Olesh, Esq. (PA ID 206553)
Sydney N. Melillo, Esq. (PA ID 328031)
Obermayer Rebmann Maxwell & Hippel LLP
Centre Square West
1500 Market Street, Suite 3400
Philadelphia, PA 19102
(215) 665-3000

*Counsel for Manchester Township,
North York Borough, Spring Garden
Township, West Manchester Township
and York Township*

Carrie Wright, Esq. (PA ID 208185)
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
(717) 783-6170

*Counsel for Bureau of Investigation and
Enforcement*

Michael Hassell, Esq. (PA ID 34851)
Devin Ryan, Esq. (PA ID 316602)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
(717) 612-6052

Counsel for The York Water Company

Erin K. Fure, Esq. (PA ID 312245)
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
(717) 783-2525


*Counsel for Office of Small Business
Advocate*

Carrie Wright, Esq. (PA ID 208185)
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
(717) 783-6170

*Counsel for Bureau of Investigation and
Enforcement*

Thomas Wyatt, Esq. (PA ID 89342)
Matthew S. Olesh, Esq. (PA ID 206553)
Sydney N. Melillo, Esq. (PA ID 328031)
Obermayer Rebmann Maxwell & Hippel LLP
Centre Square West
1500 Market Street, Suite 3400
Philadelphia, PA 19102
(215) 665-3000

*Counsel for Manchester Township,
North York Borough, Spring Garden
Township, West Manchester Township
and York Township*



Michael Hassell, Esq. (PA ID 34851)
Devin Ryan, Esq. (PA ID 316602)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
(717) 612-6052

Counsel for The York Water Company