

**Application of Pennsylvania-American Water Company for Acquisition of Assets of
The Municipal Authority of the City of McKeesport
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater
Docket No. A-2017-_____**

13. Provide a proposed tariff containing a rate equal to the existing rates of the seller at the time of the acquisition and a rate stabilization plan, if applicable to the acquisition.

RESPONSE: See enclosed *pro forma* Tariff Supplement No. XX to Tariff Wastewater PA P.U.C. No. 15 of Pennsylvania-American Water Company, Wastewater Division, containing an initial rate equal to the existing rates of The Municipal Authority of the City of McKeesport at the time of the acquisition.

The rate commitments set forth in the Asset Purchase Agreement, as First Amended on May 15, 2017 (together, the “APA”) do not technically fall within the definition of a “rate stabilization plan” as defined by 66 Pa. C.S. § 1329 because Pennsylvania-American Water Company (“PAWC”) has not made any commitments to control rates beyond PAWC’s first post-closing base rate case. Nevertheless, PAWC has submitted direct testimony in support of the rate commitments contained in the APA. See Direct Testimony of Rod R. Neviraskas, PAWC St. No. 4, p. 6-7, enclosed at Appendix A-14.

Pennsylvania-American Water Company
Wastewater Division
(Hereinafter referred to as the "Company")

D/B/A

Pennsylvania American Water

RATES, RULES AND REGULATIONS
GOVERNING THE FURNISHINGS OF
WASTEWATER COLLECTION AND DISPOSAL SERVICE
IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED
IN ADAMS COUNTY, ALLEGHENY COUNTY, BEAVER COUNTY, CHESTER COUNTY, CLARION
COUNTY,
CUMBERLAND COUNTY, LACKAWANNA COUNTY, MONROE COUNTY, NORTHUMBERLAND
COUNTY, PIKE COUNTY, WASHINGTON COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

By: Jeffrey L. McIntyre, President
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

Issued: xxxxxx xx, xxxxx

Effective: xxxxxx xx, xxxxx

NOTICE

This tariff authorizes Pennsylvania American Water Company to furnish wastewater services to the public in the City of McKeesport, the City of Duquesne, Port Vue Borough, and the Borough of Dravosburg, Allegheny County, Pennsylvania (and related points of bulk service interconnection).
(refer to pages 3B, 4.1x, 4.1x, 4E, xx, xx, xx)

LIST OF CHANGES

Changes

This tariff supplement authorizes Pennsylvania American Water Company - Wastewater Division, to begin to offer or furnish wastewater service to the public in the City of McKeesport, the City of Duquesne, Port Vue Borough, and the Borough of Dravosburg, Allegheny County, Pennsylvania (and related points of bulk service interconnection) as ordered by the Pennsylvania Public Utility Commission at Docket No. A-2017-xxxxxxx entered xxxxx xx, 20xx.

(I) Indicates Increase, (D) Indicates Decrease, (C) Indicates Change

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Effective: xxxxx xx, xxxxx

Pennsylvania-American Water Company

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(C)

TERRITORIES SERVED

Coatesville

Chester County. The City of Coatesville, the Borough of Parkesburg and portions of the Borough of South Coatesville and portions of the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury.

Clarion

Clarion County. Clarion Borough and Shippenville Borough and portions of the Townships of Elk, Clarion, Monroe and Paint.

Claysville

Washington County. Claysville Borough and portions of the Townships of Donegal.

Pocono

Monroe County. A portion of Coolbaugh Township.

Northeast - Lehman Pike and Blue Mountain Lakes

Monroe County. Portions of the Townships of Middle Smithfield, Smithfield and Stroud.

Pike County. Portions of Lehman Township.

Clean Treatment

Pike County. Portions of Delaware Township.

Koppel Borough

Beaver County. Koppel Borough.

Franklin Township

Adams County. Portions of Franklin Township.

Hamiltonban Township

Adams County. Portions of Hamiltonban and Highland Townships.

McEwensville Borough

Northumberland County. McEwensville Borough.

Fairview Township

York County. Portions of Fairview Township.

Borough of New Cumberland

Cumberland County. The Borough of New Cumberland.

Scranton Sewer

Lackawanna County. The City of Scranton and the Borough of Dunmore.

McKeesport Wastewater

Allegheny County. The City of McKeesport, the City of Duquesne, Port Vue Borough, the Borough of Dravosburg, and a portion of West Mifflin Borough (and related points of bulk service interconnection).

(C)

Pennsylvania-American Water Company

RATES FOR RATE ZONE 13

Applicability: The rates as set forth below will be in effect for all former customers of the Municipal Authority of the City of McKeesport.

McKeesport - All Customers

5/8" Meter	0 - 2,000 gallons per month	\$30.70
	All over 2,000 gallons per month	\$1.275 per 100 gallons
3/4" Meter	0 - 2,000 gallons per month	\$30.70
	All over 2,000 gallons per month	\$1.275 per 100 gallons
1" Meter	0 - 5,000 gallons per month	\$76.75
	All over 5,000 gallons per month	\$1.275 per 100 gallons
2" Meter	0 - 18,000 gallons per month	\$276.30
	All over 18,000 gallons per month	\$1.275 per 100 gallons
3" Meter	0 - 35,000 gallons per month	\$537.25
	All over 35,000 gallons per month	\$1.275 per 100 gallons
4" Meter	0 - 47,000 gallons per month	\$721.45
	All over 47,000 gallons per month	\$1.275 per 100 gallons
6" Meter	0 - 95,000 gallons per month	\$1,458.25
	All over 95,000 gallons per month	\$1.275 per 100 gallons

Duquesne, Dravosburg and West Mifflin - All Customers

	0 - 2,000 gallons per month	\$30.70
	All over 2,000 gallons per month	\$1.275 per 100 gallons

Port Vue - All Customers

Monthly

	0 - 1,400 gallons per month	\$19.35
	All over 1,400 gallons per month	\$0.995 per 100 gallons

Quarterly

	0 - 4,000 gallons per month	\$58.05
	All over 4,000 gallons per month	\$0.995 per 100 gallons

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RATES FOR RATE ZONE 13 - (Cont'd)

Bulk Customers - Versailles, Elizabeth, Liberty, Glassport, Lincoln, North Versailles, White Oak and East McKeesport.

All usage \$.840 Per 100 gallons

Flat Rate Account:

\$50.40 per month (Based on 6,000 gallons per month)

\$151.20 per quarter (Based on 18,000 gallons per quarter)

Schedule of Miscellaneous Fees and Charges

E. Wastewater Plant, Residential Septage and Commercial Waste Disposal Fee.

The Fee to be paid by private contractors to the Company to dispose of private residential septage and commercial Wastes at the Company's wastewater treatment plant.

The following rates shall be charged to haulers of residential septic waste who deliver waste:

Rate Zones 1 Through 12 (C)

<u>% Solids</u>	<u>% Solids</u>	<u>Cost Per Gallon</u>
	< = 0.5%	\$.0200
	< = 1%	.0250
> 1%	< = 2%	.0300
> 2%	< = 3%	.0345
> 3%	< = 4%	.0395
> 4%	< = 5%	.0445
> 5%	< = 6%	.0495
> 6%	< = 7%	.0545
> 7%	< = 8%	.0590

Rate Zone 13 (McKeesport Area) (C)

<u>% Solids</u>	<u>Cost Per Gallon</u>
< = 4%	\$.040
> 4%	\$.010 per % Solids

1. The Company reserves the right to limit the total amount of residential septage received in a day and /or the total numbers of loads received from a single hauler on a per day basis based on maintaining proper operation of the Company's wastewater treatment plant.

2. At the discretion of the Company, the Company reserves the right to accept or reject commercially generated waste based on the amount and constituents in the waste. The cost, as determined by the Company, for testing and disposal will be a multiple of the residential septage fee based on the type and strength of the waste.

Section T. Industrial Pretreatment Program (McKeesport-Area) Compliance (C)

This Section applies to Industrial and Commercial customers served under Rate Zone 13 of this tariff. All such customers shall comply with the "Industrial Pretreatment Program (McKeesport-Area)" ("IPP-M") as required by and submitted to the Pennsylvania Department of Environmental Protection and as may be amended from time to time. The currently effective IPP-M will be made available on the Company's website.

Such customers shall be responsible for the charges and fees scheduled below related to the implementation, administration, and enforcement of the IPP-M, and for the additional costs for treatment of wastewaters from such customers who have loadings and characteristics that are in excess of Domestic Sewage as defined by the IPP-M. Pursuant to the IPP-M, IPP-M fees are set by this tariff. IPP-M fees are separate from and in addition to all other rates chargeable by the Company under this tariff.

The fees as set forth in Schedule IPP-M-1 below will be in effect for customers subject to the IPP-M Terms are as defined by IPP-M.

SCHEDULE IPP-M-1

1.1. General Fees

- 1.1.1. IWDP Application Fee: \$1,000.00
- 1.1.2. IWDP Transfer/Modification/Renewal Fee: \$250.00
- 1.1.3. Facility Inspection Fee: \$250.00 per inspection
- 1.1.4. Monitoring Report Review Fee: \$250.00 per monitoring report
- 1.1.5. Sampling and Analysis Fee: Actual cost of sampling and laboratory analysis plus 25% to cover administrative costs.
- 1.1.6. Accidental Discharge, Slug Control, and/or Monitoring Fee: Actual cost of response to accidental discharges or discharges of slugs loads, including but not limited to the costs incurred for any additional treatment or other actions required to manage such discharges, monitoring and response to such discharges, correction of any resulting contamination or other impacts to the Treatment Works, including the Collection System and Treatment Plant.

- 1.1.7. Compliance and Enforcement Fee - Administrative and Legal: Actual cost incurred by the Company for investigation and actions to address a User's non-compliance with the terms of this IPP or any IWDP.
- 1.1.8. Damage Repair: Actual cost for cleaning, repair, replacement and/or correction of any damage to the Treatment Works, including the Collection System and the Treatment Plant, caused or contributed to by a User's discharge.

1.2. Specific Fees

- 1.2.1. Industrial Loading Fee - applicable on a quarterly basis to discharges with loadings above typical Domestic Sewage loadings up to but not exceeding any applicable Local Limit or IWDP limit, based on sampling and analysis by the Company and sampling required to be reported by the User under an IWDP:

$$\text{Quarterly Fee (\$)} = Q \times \{ ((\text{BOD5 Actual} - \text{BOD5 Domestic}) \times \text{BOD5 Cost Factor}) + ((\text{NH3-N Actual} - \text{NH3-N Domestic}) \times \text{NH3-N Cost Factor}) + ((\text{TSS Actual} - \text{TSS Domestic}) \times \text{TSS Cost Factor}) \}$$

Where:

BOD5 Actual = actual concentration of BOD5 in mg/l as measured by the Company or the Industrial User

BOD5 Cost Factor = Treatment cost for BOD5 for the system = 0.0045

BOD5 Domestic = 330 mg/l, the typical concentration in Domestic Sewage

NH3-N Actual = actual concentration of NH3-N in mg/l as measured by the Company or the Industrial User

NH3-N Cost Factor = Treatment cost for NH3-N for the system = 0.0063

NH3-N Domestic = 23 mg/l, the typical concentration in Domestic Sewage

Q = Total flow for the quarter measured in thousand gallons

TSS Actual = actual concentration of TSS in mg/l as measured by the Company or the Industrial User

TSS Cost Factor = treatment cost for TSS for the system = 0.0028

TSS Domestic = 350 mg/l, the typical concentration in Domestic Sewage

1.2.2. Excess Loading Fee - applicable to discharges with loadings that exceed a Local Limit or IWDP limit:

If in any monthly period, the loading of BOD5, NH3-N, or TSS exceeds a Local Limit or IWDP limit, then for the applicable parameter, in calculating the Industrial Loading Fee under §1.2.1, the BOD5 Cost Factor, , NH3-N Cost Factor and/or TSS Cost Factor, applicable to the total loading of that parameter will be 125% of the value set forth in §1.2.1 to compensate for the additional administrative, oversight and management costs associated with managing such excessive loadings.

1.2.3. Special Discharge Fee - applicable to discharges with loadings or concentrations that exceed a Local Limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damages to the facility, or require extraordinary measures:

Fee = Actual cost incurred by the Company, including but not limited to: (1) additional costs of managing impacted sludge (including costs related to use of alternative disposal facilities, additional monitoring, etc.), (2) costs of acquiring nutrient credits to meet NPDES Permit cap limits; (3) costs of repairs to and restoration of the Treatment Works, including the Collection System and Treatment Plant; or (4) costs of implementing any other measures required to control, manage and address such excessive loadings or concentrations.