



May 24, 2017

VIA HAND DELIVERY

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CONTAINS CONFIDENTIAL INFORMATION

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: 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, of substantially all of The Municipal Authority of the City of McKeesport's assets, properties and rights related to its wastewater collection and treatment system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of McKeesport, the City of Duquesne, Port Vue Borough, the Borough of Dravosburg, and a portion of West Mifflin Borough, Allegheny County, Pennsylvania and to three bulk service interconnection points located in Liberty Borough, White Oak Borough, and North Versailles Borough, Allegheny County, Pennsylvania.

In re: Application of Pennsylvania-American Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of The Municipal Authority of the City of McKeesport's assets related to its wastewater collection and treatment system.

Petition of Pennsylvania-American Water Company, related to its acquisition of The Municipal Authority of the City of McKeesport wastewater collection and treatment system, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, and (iii) for book and ratemaking purposes, defer depreciation related to post-acquisition improvements not recovered through the distribution system improvement charge.

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement Between Pennsylvania-American Water Company, the City of McKeesport and The Municipal Authority of the City of McKeesport and (ii) 18

agreements with municipal corporations to be assumed by Pennsylvania-American Water Company upon closing of its acquisition of substantially all of The Municipal Authority of the City of McKeesport's assets related to its wastewater collection and treatment system; Docket Nos. A-2017-_____, A-2017-_____, P-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, U-2017-_____, and U-2017-_____.

PENNSYLVANIA-AMERICAN WATER COMPANY APPLICATION AND RELATED FILINGS

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the above-referenced application and related filings of Pennsylvania-American Water Company ("PAWC") for its acquisition of the Municipal Authority of the City of McKeesport wastewater collection and treatment system. This filing is made pursuant to Sections 507 (related to filing of contracts with municipal corporations), 1102 (related to certificates of public convenience), and 1329 (determination of fair market for ratemaking purposes) of the Pennsylvania Public Utility Code ("Code"), Pa. C.S. §§ 507, 1102, 1329.

Copies of the Application have been served upon the public advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Implementation Order* entered October 27, 2016, at Docket No. M-2016-2543193. Due to the size of the filing, I have also enclosed the following four CD-Roms for your convenience: (1) the PUC Application filing (without Confidential Documents); (2) Live Excel Spreadsheets of the Seller Utility Valuation Expert's workpapers in appraising the System; (3) Live Excel Spreadsheets of the Buyer Utility Valuation Expert's workpapers in appraising the system; and, (4) **Confidential Documents**. I have also enclosed the required \$350 application filing fee (Check No. 644046).

PAWC has placed Confidential appendices to the Application in a separate sealed envelope. These Confidential appendices include Appendix A-6, Appendix A-11, and Appendix A-24-a. Such attachments should be placed in a non-public folder by the Secretary's Bureau in accordance with the Commission's standard practice for proprietary information.

Enclosed on behalf of PAWC as part of the Section 1329 filing requirements are the direct testimonies and accompanying exhibits of the following:

1. Direct Testimony of Bernard Grundusky, Director of Business Development, Pennsylvania-American Water Company (**PAWC St. No. 1**);
2. Direct Testimony of Beatty W. Morgan, Jr., Senior Director of Operations – Western Pennsylvania, Pennsylvania-American Water Company (**PAWC St. No. 2**);
3. Direct Testimony of David R. Kaufman, Vice President - Engineering, Pennsylvania-American Water Company (**PAWC St. No. 3**);
4. Direct Testimony of Rod P. Nevirauskas, Director of Rates and Regulation for Mid Atlantic Division, American Water Works Service Company (**PAWC St. No. 4**);
5. Direct Testimony of James S. Merante, Director of Financial Strategy, Planning, and Decision Support for Mid Atlantic Division, American Water Works Service Company (**PAWC No. 5**);

6. Direct Testimony of Michael Cherepko, Mayor of the City of McKeesport (**PAWC St. No. 6**); and,
7. Direct Testimony of Jerome C. Weinart, Principal and Director, AUS Consultants, Pennsylvania-American Water Company Utility Valuation Expert (**PAWC St. No. 7**).

Copies of the prepared direct testimony and accompanying exhibits can be found at **Appendix A-14** of the Application.

In compliance with Code Section 507, 66 Pa. C.S. § 507, PAWC has also included copies the Asset Purchase Agreement for this transaction and the 18 agreements with municipal corporations that will be assumed by PAWC. These agreements with municipal corporations can be found at **Appendices A-24-a** and **B-1** through **B-18** of the Application.

Thank you for your attention to this matter. Please date-stamp the extra copy of the filing and return it with our courier. Please do not hesitate to contact me if you have any questions.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito
Counsel for *Pennsylvania-American Water Company*

DPZ/kmg
Enclosures

cc: Per Certificate of Service
Sean Donnelly, Bureau of Technical Utility Services

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Application of Pennsylvania-American Water Company regarding its acquisition of the Municipal Authority of the City of McKeesport Wastewater Collection and Treatment System, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

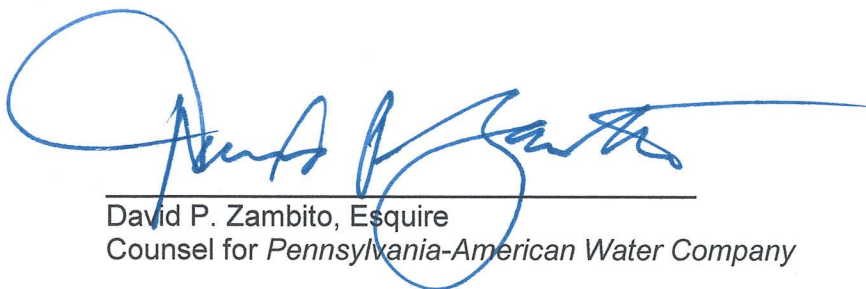
VIA CERTIFIED / RETURN RECEIPT REQUESTED FIRST CLASS MAIL:

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101-1303

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

DATED: May 24, 2017



David P. Zambito, Esquire
Counsel for *Pennsylvania-American Water Company*