

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held December 17, 2015

Commissioners Present:

Gladys M. Brown, Chairman  
John F. Coleman, Jr., Vice Chairman  
Pamela A. Witmer  
Robert F. Powelson  
Andrew G. Place

Application of the Pennsylvania-American Water Company - Wastewater Division (PAWC-WD) for approval of (1) the transfer, by sale, of substantially all of the wastewater system assets and rights of Fairview Township to PAWC-WD, and (2) the right of PAWC-WD to furnish wastewater service to the public in a portion of Fairview Township, York County, Pennsylvania

A-2015-2486532

**ORDER**

**BY THE COMMISSION:**

By the application (Application) filed on June 5, 2015, the Pennsylvania-American Water Company - Wastewater Division (PAWC-WD), utility code 230073, 800 West Hersheypark Drive, Hershey, PA 17033, seeks a certificate of public convenience pursuant to Sections 1102(a)(1)(i) and (3) of the Public Utility Code, 66 Pa. C.S. §§ 1102(a)(1)(i), and (3), evidencing Commission approval of: 1) the acquisition by PAWC-WD of substantially all of the wastewater system assets of Fairview Township,

and 2) the right of PAWC-WD to begin to offer or furnish wastewater service to the public in a portion of Fairview Township, York County, Pennsylvania. PAWC-WD is a wholly-owned division of the Pennsylvania-American Water Company (PAWC), utility code 212285.

## **I. BACKGROUND AND AFFECTED ENTITIES**

Proofs of publication and service to appropriate entities were submitted by PAWC-WD. In addition, notice of this Application was published in the *Pennsylvania Bulletin*, 45 Pa.B. 3297, on Saturday, June 20, 2015. The protest period ended July 6, 2015. No protests were filed and no hearings were held.

PAWC-WD is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. PAWC-WD is currently engaged in the business of collecting, treating, transporting and disposing of wastewater and sewage for the public. PAWC-WD and its parent company, PAWC, respectively furnish wastewater and water service to the public in service territories encompassing more than 400 communities across the Commonwealth with a combined population of over 2,200,000. As of April 30, 2015, PAWC-WD furnished wastewater service to 17,198 customers as follows: 16,254 residential, 882 commercial, 7 industrial, 51 municipal and 4 bulk. The Application provided a description of PAWC-WD's and PAWC's certificated service territories, along with a detailed history that outlined all the mergers, acquisitions and consolidations which have created PAWC-WD and PAWC as both utilities exist today.

Fairview Township is a township of the second class, organized and existing under the laws of the Commonwealth of Pennsylvania, which owns and operates wastewater systems that provide wastewater collection, conveyance, treatment and disposal services to the public in Fairview Township, York County. Two of Fairview Township's

wastewater systems include wastewater treatment plants (WWTPs) while the third system collects and conveys wastewater to a WWTP owned and operated by a municipal authority in another municipality. As of April 30, 2015, Fairview Township furnished wastewater service to 3,912 customers consisting of 3,724 residential and 188 commercial customers. Fairview Township has a mailing address of 599 Lewisberry Road, New Cumberland, PA 17070.

## **II. LOCATION OF FACILITIES TO BE ACQUIRED**

Fairview Township is located in the northern most portion of York County. Cumberland County and the Yellow Breeches Creek border Fairview Township to the northwest and Dauphin County and the Susquehanna River border the Township to the northeast. Two interstate highways, I-83 and I-76 (Pennsylvania Turnpike) traverse the Township. Interstate I-83 crosses the Township generally from north to south while the Pennsylvania Turnpike crosses from east to west. The junction of the two interstate highways is situated in the northern portion of the Township. According to mapping depicting the existing sewer areas in Fairview Township's Act 537 Sewage Facilities Plan Update (Act 537 Plan Update) approved by the Pennsylvania Department of Environmental Protection (DEP) on July 27, 2011, Fairview Township's wastewater system assets are situated within the following three service areas that are generally described in terms of each service area's proximity to Interstate I-83 and the Pennsylvania Turnpike:

1. Fairview Township's North WWTP service area, which is generally the northcentral and northeastern portions of Fairview Township situated along the Interstate I-83 corridor between the Pennsylvania Turnpike and Reesers Summit and extending east to the Susquehanna River,

2. Fairview Township's South WWTP service area, which is generally the south-central portion of Fairview Township situated along the Interstate I-83 corridor between Reesers Summit and the border with Newberry Township, and
3. Lower Allen Township's WWTP service area, which is generally the developed portion of Fairview Township located north of the Pennsylvania Turnpike and west of Interstate I-83.

Maps depicting the proposed wastewater service territory and a description of the proposed territory's boundaries are contained in the Application marked as Exhibit L. The proposed overall wastewater service territory area encompasses approximately 7,517 acres. PAWC provides water service in a portion of Fairview Township and Fairview Township's wastewater systems are contained within PAWC's existing water system footprint.

### **III. DESCRIPTION OF FACILITIES TO BE ACQUIRED**

As of December 31, 2014, Fairview Township owned and maintained wastewater system assets that include approximately 360,600 feet (68 miles) of collection and conveyance pipe, approximately 1,700 manholes, 12 pump stations, and two wastewater treatment plants. Fairview Township's wastewater system assets consist of three separate systems. Two of Fairview Township's wastewater systems, the North and South wastewater systems, provide collection, conveyance, treatment and disposal services to approximately 3,300 customers while its third system provides wastewater collection and conveyance services to approximately 600 customers with treatment and disposal provided by the Lower Allen Township Authority's wastewater treatment facility.

Fairview Township's North WWTP service area, generally situated in the northcentral and northeastern portions of the Township, has a collection and conveyance

system that includes approximately 99,200 feet (18 miles) of sewer pipe, approximately 510 manholes and four pump stations. According to Fairview Township's 2014 Annual Municipal Wasteload Management Report for the North WWTP (North WWTP's 2014 Report), the North WWTP's collection and conveyance facilities include sewer mains ranging in size from 8 to 12 inches in diameter. The North WWTP's 2014 Report states there are no known major problems within the North WWTP's collection system and there are no combined sewers in the collection system. Further, the North WWTP's 2014 Report states the oldest sewer lines contributing flow to the North WWTP were constructed in 1965 and describes the overall condition of the collection system as being reflective of its age and materials of construction.

The North WWTP operates under the National Pollutant Discharge Elimination System (NPDES) Permit No. PA0081868 and has a permitted and designed average wastewater flow of 0.726 million gallons per day (MGD) based on monthly average flow and 1.206 MGD based on maximum monthly flow. Following its original construction in 1965, the North WWTP underwent upgrades in 1992 and again in 2013. Improvements to the wastewater treatment plant constructed in 2013 consisted of a new headworks building, screening and replacement of chlorine disinfection with ultraviolet (UV) disinfection. The North WWTP's process now consists of preliminary screening, extended aeration activated sludge, final clarification and UV disinfection. Solids are wasted periodically and are transported to Fairview Township's South WWTP for further processing. The effluent is discharged into Lower Allen Township Authority's outfall interceptor that leads to the Susquehanna River, which is governed by the Fairview Township and Lower Allen Township Authority agreement for Fairview Township to have capacity rights to discharge treated wastewater into Lower Allen Township Authority's outfall interceptor. In addition, Fairview Township maintains an agreement with the Red Barn Trading Company for the purchase of 20,000 pounds total nitrogen credits per year for 15 years (i.e., 2010 to 2024) to comply with the Chesapeake Bay requirements contained in the North WWTP's NPDES Permit.

Fairview Township's South WWTP service area, generally situated in the southcentral portion of the Township, has a collection and conveyance system that includes approximately 210,600 feet (40 miles) of sewer pipe, approximately 1,010 manholes and six pump stations. According to Fairview Township's 2014 Annual Municipal Wasteload Management Report for the South WWTP (South WWTP's 2014 Report), the collection and conveyance facilities include sewer mains ranging in size from 8 to 16 inches in diameter. The South WWTP's 2014 Report states there are no known major problems within its collection system which was primarily constructed in 1993. The South WWTP's 2014 Report describes the collection system as in relatively good condition. There are no combined sewers in the South WWTP's collection system.

The South WWTP operates under NPDES Permit No. PA0082589 and has the permitted and designed average wastewater flow of 0.50 MGD based on monthly average flow and 0.94 MGD based on maximum monthly flow. The South WWTP was constructed in 1993 and consists of preliminary screening, sequencing batch reactors and disinfection with chlorine. The treated wastewater is discharged to an unnamed tributary to Fishing Creek. Solids handling facilities are comprised of an aerobic digester/storage tank and belt press filtration. Dewatered biosolids are disposed of at Modern Landfill in Lower Windsor and Windsor Townships, York County. Fairview Township maintains an agreement with the Red Barn Trading Company for the purchase of 20,000 pounds total nitrogen credits per year for 15 years (i.e., 2010 to 2024) to comply with the Chesapeake Bay requirements contained in the South WWTP's NPDES Permit.

Fairview Township's wastewater service area that collects and conveys wastewater flow to the Lower Allen Township Authority's WWTP, generally situated in the northwest portion of the Township, has a collection and conveyance system that includes approximately 50,800 feet (10 miles) of sewer pipe, approximately 200 manholes, and two pump stations. According to PAWC, the collection area encompasses

approximately 670 acres and the collection and conveyance facilities include interceptors and gravity sewer mains ranging in size from 8 to 10 inches in diameter along with 2 inch diameter force mains that transport wastewater to the Lower Allen Township Authority's WWTP. The flow of wastewater from Fairview Township to the Lower Allen Township Authority WWTP is governed by an agreement between the two entities that allocates reserve capacity to Fairview Township at the Lower Allen Township Authority's WWTP for the collection, transportation, treatment and discharge of sewage.

#### **IV. PURCHASE AGREEMENT**

On June 1, 2015, PAWC-WD entered into a purchase agreement (Agreement) with Fairview Township by which PAWC-WD agreed to purchase the wastewater system assets of Fairview Township for the consideration of \$16,800,000. In addition, PAWC-WD will pay Fairview Township for the costs incurred by Fairview Township less the reimbursement from the Pennsylvania Turnpike Commission for the Lewisberry Road sewer main relocation project, referred to as the Turnpike Relocation Project, up to a maximum of \$1,000,000. Both the purchase price and the reimbursement shall be paid to Fairview Township on the date of closing. A copy of the Agreement is attached to the Application and is marked as Exhibit F. According to PAWC-WD, the negotiations were conducted at arm's length. PAWC-WD and Fairview Township are not affiliated with each other. Also, PAWC-WD states no investment securities will be transferred in the proposed transaction.

PAWC-WD will purchase Fairview Township wastewater system assets as defined in the Agreement's Section 1.1. Generally, the Agreement states that every asset, property and right owned by Fairview Township and used in the provision of sanitary wastewater service, whether real, personal, mixed, tangible or intangible, and including all the physical plant, property, equipment, and facilities comprising the wastewater systems owned by Fairview Township shall be conveyed. Also, included in the acquired

assets is the remaining deposit balance from the contract with the Red Barn Trading Company as well as developer/customer deposits.

Excluded assets are described in the Agreement's Section 1.2 and specifically exclude sewer service laterals on the customer side, any and all grinder pump units and related appurtenances of the individual customers, and all storm water system facilities as well as the assets listed in the Agreement's Schedule 1.2. The list of excluded assets in the Agreement's Schedule 1.2 consists of cash, accounts receivable, two-way radio communications equipment, 2005 John Deere tractor, 2011 Ford F-550 truck, Mitel phone equipment, Trimble survey equipment and a push camera. Excluded liabilities are discussed in the Agreement's Section 1.3 and specifically exclude any liabilities of Fairview Township including any obligations owed by Fairview Township to others.

The Agreement's Section 4.8 mentions that, at the time of closing, PAWC-WD and Fairview Township will enter into a mutually agreeable lease to allow Fairview Township's continued use of the existing yard waste and household electronics recycling center located adjacent the Fairview Township's North WWTP until such time as Fairview Township is able to relocate the recycling center to another site.<sup>1</sup>

The Agreement's Schedule 4.11 lists a land lease agreement between the Fairview Township Authority and the Pennsylvania Cellular Telephone Corp., dated April 18, 1996, for the installation of a communication tower. The initial annual rent was \$13,200 and is adjusted periodically based upon the National Consumer Price Index. The maximum length of term for this lease is 25 years. Schedule 4.11 also lists the

---

<sup>1</sup> See Docket U-2015-2507298 filed by PAWC-WD on October 5, 2015. The term of the subject Lease is three years and the rent will be \$1.00 annually. In addition, Fairview Township has agreed to pay PAWC-WD 10% of all taxes or assessments against the premises located at 57 Fairview Road, New Cumberland, Pennsylvania 17070. The property PAWC-WD is acquiring from Fairview Township for the North WWTP is comprised of six separate parcels of which two appear to contain the proposed lease area for the recycling center.

assignment of the communication tower's land lease agreement to Fairview Township dated June 25, 1997.

The Agreement's Section 4.12 and Schedule 4.12 identify the following known contracts that Fairview Township has relating to its wastewater systems:

1. Red Barn Trading Agreement of Sale - On April 10, 2008, the Fairview Township Authority and Fairview Township entered into an agreement with the Red Barn Trading Company for the Fairview Township Authority and Fairview Township to purchase in advance \$375,000 nitrogen water quality nutrient credits for a period of 15 years. Each year \$12,500 of this advance payment is used to meet the annual obligation. As of December 31, 2014, \$312,500 of the advance payment was still available. During 2014, Fairview Township paid \$100,051, net of the \$12,500 advance payment, for the nutrient credits. Fairview Township has commitments through 2024 of \$1,016,477, net of the advance payment of \$312,500 as of December 31, 2014. According to the Agreement, the Red Barn Trading Agreement of Sale will be assigned to PAWC-WD.
2. Reservation of Capacity Fee Agreements - The following is a list of the six owners who purchased capacity fee reservations from Fairview Township along with their equivalent dwelling unit (EDU) allocation: Chris McKinney (1 EDU); Paul E. Shearer Trust (3 EDUs); DJH Penn Valley (13 EDUs); Eastern Development & Planning (157 EDUs); Old York Developers, LLC (26 EDUs); and Gemcraft Homes (39 EDUs). While the Application references these agreements, the filing is silent as to whether PAWC-WD will assume the same. Therefore, we shall direct PAWC-WD to provide copies of the agreements and clarify its intention thereto.

3. Prepaid Tapping Fee Agreements - The following is a list of 8 owners who purchased prepaid tapping fees with their remaining EDUs and associated EDU value: Briarcliff, Phase 1 & 2 (3 EDUs, \$9,045); Old Orchard, Phase 3 (46 EDUs, \$204,240); Woods @ Deer Run (7 EDUs, \$31,080); Pelleschi (2 EDUs, \$8,880); Beinhower (2 EDUs, \$8,880); Woodbridge, Phase 7 – S&A (6 EDUs, \$26,640); Woodbridge, Phases 8-11 (31 EDUs, \$252,030); and Weatherstone (27 EDUs, \$108,27). According to the Agreement, the Prepaid Tapping Fee Agreements will be assigned to PAWC-WD.
  
4. Lower Allen Township Agreement for Connection to the Outfall Line of the Lower Allen Township Authority - The original agreement was between the Fairview Township Authority and the Lower Allen Township Authority is dated December 28, 1976. This agreement was amended twice: first on June 6, 1994 and then on March 13, 2000. The total reserved outfall capacity from Fairview Township's North wastewater treatment plant in the Lower Allen Township Authority outfall line is 726,000 gallons per day. According to the Agreement, the Connection to the Outfall Line of the Lower Allen Township Authority Agreement will be assigned to PAWC-WD.
  
5. Lower Allen Township Agreement for Collection, Transportation, Treatment, and Discharge of Sewage from Portions of Fairview Township - The original Agreement between the Fairview Township/Fairview Township Authority and the Lower Allen Township is dated December 28, 1976. This agreement was amended twice; first on September 6, 1990 and then on September 4, 1997. This agreement with Lower Allen Township is for the collection, transportation, treatment and discharge of sewage from portions of Fairview Township. According to the Agreement, the Collection, Transportation, Treatment, and Discharge of Sewage from Portions of Fairview Township Agreement with Lower Allen Township will be assigned to PAWC-WD.

Finally, the Agreement's Section 6.2.3 states that PAWC-WD will construct at its sole cost and expense the Phase 2 Collection System Extension within the North WWTP's service area as identified in Fairview Township's Act 537 Plan Update. The Phase 2 Collection System Extension will be constructed within the time frame stipulated and agreed to with DEP, which as of June 1, 2015, is December 31, 2016. Prior to closing, Fairview Township shall have completed the design for the Phase 2 Collection System Extension and shall have all permits in hand and shall have secured easements, rights-of-way and property necessary for the project. The Phase 2 Collection System Extension will include the construction of 21,425 feet of gravity sewer pipe; 9,110 feet of force main; 735 feet of low pressure sewer pipe and three pump stations. The project is expected to cost approximately \$8,297,000 and will serve approximately 250 additional customer connections.

## **V. ADDITIONAL CAPITAL REQUIREMENTS**

PAWC-WD provided supplemental information stating it will spend approximately \$13.1 million on improvements to Fairview Township's wastewater system and anticipates completing the capital improvements within the first five years of ownership. Of the \$13.1 million in proposed improvements, approximately \$8.3 million is for the construction of the sewer extension to serve Fairview Farms, which is identified as the Phase 2 Sewer Project in Fairview Township's Act 537 Plan Update. The Meadowbrook Mobile Home Park is included in the Fairview Farms sewer service area.

**PAWC-WD  
Capital Improvements Schedule and Cost Estimate  
for Fairview Township Wastewater Systems**

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Infiltration and Inflow Study	\$46,970	\$53,680	\$0	\$0	\$0	\$100,650
Targeted Sewer Replacements	\$0	\$0	\$1,006,500	\$1,006,500	\$1,006,500	\$3,019,500
Flow Meter Installation	\$134,200	\$0	\$0	\$0	\$0	\$134,200
Safety and Security	\$67,100	\$0	\$0	\$0	\$0	\$67,100
Pump Station SCADA	\$106,018	\$0	\$0	\$0	\$0	\$106,018
Pump Station Improvements	\$201,300	\$247,599	\$0	\$0	\$0	\$448,899
Treatment Plant SCADA	\$127,490	\$0	\$0	\$0	\$0	\$127,490
Treatment Plant Improvements	\$134,200	\$641,476	\$0	\$0	\$0	\$775,676
Phase 2 Sewer Project	\$4,148,257	\$4,148,257	\$0	\$0	\$0	\$8,296,514
<b>TOTALS</b>	<b>\$4,965,535</b>	<b>\$5,091,012</b>	<b>\$1,006,500</b>	<b>\$1,006,500</b>	<b>\$1,006,500</b>	<b>\$13,076,047</b>

The following are the tentative journal entries that will be used to record the Fairview Township wastewater system purchase into the accounts of PAWC-WD:

	<u>Debit</u>	<u>Credit</u>
Utility Plant	\$27,499,024	
Accumulated Depreciation		\$12,213,025
Utility Plant Acquisition Adjustment	\$1,514,001	
Short Term Debt		\$16,800,000

PAWC-WD will undertake an original cost study and will establish the depreciated original costs of Fairview Township's wastewater system assets including any contributed property. Subsequently, PAWC-WD will amend the pro forma balance sheet giving effect to the transfer. PAWC-WD will initially finance the purchase by short term bank debt that will be replaced through the issuance of long-term debt at the appropriate time.

## VI. PROPOSED RATES

At the time of closing, the Fairview Township wastewater customers will be transferred to PAWC-WD at Fairview Township's existing rates, which shall be maintained at least until December 31, 2017 as specified in the Agreement. However, PAWC-WD intends to bill on a monthly basis in lieu of quarterly billing and will propose in its next base rate filing to move the flat rate customers to a volumetric-based tariff rate. In addition, PAWC-WD will apply its currently tariffed rules and regulations as well as miscellaneous fees including the capacity reservation fee in lieu of Fairview Township's current tap-in fee effective at closing.

For residential customers, Fairview Township currently charges a quarterly flat rate of \$192 per EDU in accordance with Sections 232-14 and A302-1 of its municipal ordinances. Further, Section 232-13 of Fairview Township's municipal ordinance, last amended December 6, 2010, defines an EDU as a daily sewage flow in any amount up to 225 gallons per day. Accordingly, a typical Fairview Township residential customer using 10,950 gallons per quarter with a 1 EDU allocation currently pays \$192 quarterly or \$768 annually. After closing, the same Fairview Township residential customer will pay \$64 monthly or \$768 annually. Under PAWC-WD's current Zone 1 Rates, the same Fairview Township residential customer would pay \$54.51 per month (\$7.50 Service Charge + [ $\$1.2880 \text{ Usage Charge}/100 \text{ gallons} \times 3,650 \text{ gallons}$ ]) or \$654.12 annually.

PAWC-WD represents that the Fairview Township non-residential customers are metered and billed on a volumetric-basis. Accordingly, a typical Fairview Township non-residential customer using 55,290 gallons per quarter with a 1 EDU allocation currently pays \$636.17 quarterly ( $\$233.00 \text{ per EDU} + [(55,290 \text{ gallons} - 20,250 \text{ gallons}) \times \$1.1506/100 \text{ gallons}]$ ) or \$2,544.68 annually. After closing, the same Fairview Township non-residential customer will pay \$212.06 monthly ( $\$77.67 \text{ per EDU} +$

[(18,430 gallons – 6,750 gallons) x \$1.1506/100 gallons]) or \$2,544.72 annually. Under PAWC-WD's current Zone 1 Rates, the same Fairview Township non-residential customer would pay \$226.31 monthly (\$20.00 Service Charge + [\$1.1194 Usage Charge/100 gallons x 18,430 gallons]) or about \$2,715.72 annually.

We note that Fairview Township also has a non-metered quarterly flat rate contained in Sections 232-14 and A302-1 of its municipal ordinances. For clarification, we shall direct PAWC-WD to confirm whether all non-residential customers are metered and, if not, how those customers will be billed.

In supplemental information provided, PAWC-WD estimated its annual revenue based upon Fairview Township's 2014 financial information will be approximately \$4,198,000. PAWC-WD estimated its annual operating expenses will be \$2,191,000 producing an estimated operating income of approximately \$2,007,000 (\$4,198,000 Annual Revenues – \$2,191,000 Annual Expenses).

## **VII. OPERATIONS UNDER PAWC-WD**

PAWC-WD's target date to begin providing service to the homes currently served by the Fairview Township wastewater systems is immediately upon closing. PAWC-WD stated Fairview Township's wastewater systems will be operated as stand-alone systems and will be operated and managed from PAWC's Mechanicsburg operations.

## **VIII. ACT 537 SEWAGE FACILITIES PLAN AND LAND-USE PLANNING COMPLIANCE**

PAWC-WD stated its proposed service territory is in accordance with Fairview Township's Act 537 Plan Update as approved by DEP on July 27, 2011. The proposed service territory includes the Timber Ridge and Fairview Farms areas of Fairview

Township. The Timber Ridge area is being served by the Phase 1 Collection System extension to the North WTP. The Fairview Farms area will be served by the Phase 2 Collection System extension to the same plant.

PAWC-WD sent letters to Fairview Township and the York County Planning Commission seeking verification that its acquisition of the Fairview Township wastewater system will comply with municipal and county land use planning. PAWC-WD submitted copies of the subject request letters that it sent to Fairview Township and York County along with corresponding certified mail receipts as well as the responses from entities indicating the acquisition is in compliance with current municipal and county land use planning.

## **IX. OTHER CONSIDERATIONS**

According to DEP, PAWC-WD and Fairview Township have no outstanding compliance or operational issues. Also, PAWC-WD is current with its annual, quarterly earnings and security planning and readiness report filing requirements. Further, PAWC-WD has no outstanding fines or assessments due to the Commission.

## **X. CONCLUSION**

PAWC-WD avers the proposed transfer will have no detrimental effect on the service provided to PAWC-WD's existing customers or the customers transferred by Fairview Township. The transferred customers will receive the benefit of PAWC-WD's experience in managing and operating wastewater systems which will result in efficiencies and improvements in service. PAWC-WD's existing customers will benefit because the acquisition will expand the customer base, over which existing costs are recovered and thereby stabilize per-customer costs. PAWC-WD also has the managerial, technical and financial capabilities to safely and adequately operate the Fairview

Township's wastewater systems in compliance with the Public Utility Code, the Clean Streams Law and other regulatory requirements, and to make improvements as needed, on a short and long term basis.

Based upon the facts that PAWC-WD will expand its service territory to customers in compliance with Commission regulations and that PAWC-WD will be meeting the needs of new customers without any detriment to its existing customers, the Commission finds that granting PAWC-WD's application for the acquisition is necessary or proper for the service, accommodation, convenience, or safety of the public;

**THEREFORE,**

**IT IS ORDERED:**

1. That the Application of the Pennsylvania-American Water Company - Wastewater Division at Docket A-2015-2486532 is hereby approved.
2. That Pennsylvania-American Water Company - Wastewater Division shall notify the Commission within 10 days of the closing with Fairview Township.
3. That upon notice of closing, a Certificate of Public Convenience be issued pursuant to 66 Pa. C.S. § 1102(a)(1)(i) evidencing Commission approval for the Pennsylvania-American Water Company - Wastewater Division to begin to offer, render, furnish and supply wastewater service to the public in a portion of Fairview Township, York County.
4. That within 10 days of the date of this Order, Pennsylvania-American Water Company - Wastewater Division shall provide the Commission with clarification as to how each of Fairview Township's 188 non-residential wastewater customers were previously billed (i.e., flat rate, volumetric-based, or other) in order to verify

Pennsylvania-American Water Company – Wastewater Division’s commitment to retaining the same rates as Fairview Township.

5. That a Certificate of Public Convenience be issued pursuant to 66 Pa. C.S. § 1102(a)(3) evidencing Commission approval of the acquisition by the Pennsylvania-American Water Company - Wastewater Division of substantially all of the wastewater system assets of Fairview Township as described in the Application.

6. That Pennsylvania-American Water Company - Wastewater Division will file copies of its original cost study of the wastewater system assets acquired from Fairview Township with the Secretary’s Bureau and the Bureau of Technical Utility Services, upon completion of said study.

7. That Pennsylvania-American Water Company - Wastewater Division file copies of all the Reservation of Capacity Fee Agreements listed in the Application’s Schedule 4.12 with the Secretary’s Bureau and the Bureau of Technical Utility Services within 10 days of the closing with Fairview Township and clarify whether PAWC-WD will assume responsibility for the agreements.

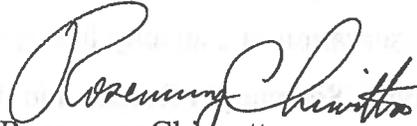
8. That Pennsylvania-American Water Company - Wastewater Division file copies of all the Prepaid Tapping Fees Agreements listed in the Application’s Schedule 4.12 with the Secretary’s Bureau and the Bureau of Technical Utility Services within 10 days of the closing with Fairview Township.

9. That Pennsylvania-American Water Company - Wastewater Division shall file a tariff supplement incorporating Fairview Township’s wastewater service territory and existing wastewater service rates within 10 days following the date of closing, to become effective on one day’s notice.

10. That nothing herein shall be construed as an approval or determination of costs or expenses for the purpose of just or reasonable rates or to exempt Pennsylvania-American Water Company - Wastewater Division from obtaining all necessary permits, licenses, and approvals from other federal, state, and local government agencies having jurisdiction.

11. That a copy of this Order be served upon The Pennsylvania-American Water Company - Wastewater Division, York County Commissioners, Fairview Township Board of Supervisors, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Department of Revenue, the Bureau of Corporate Taxes, the Department of Environmental Protection – Southcentral Regional Office and its Central Office Bureau of Regulatory Counsel.

**BY THE COMMISSION,**



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: December 17, 2015

ORDER ENTERED: December 17, 2015