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CITY OF MCKEESPORT SELLS ITS WASTEWATER ASSETS FOR \$159 MILLION TO PENNSYLVANIA AMERICAN WATER

01/03/2018

Thanks to the combined efforts of Dilworth attorneys **Marc Feller**, **Tom Wyatt**, **Skye Nickalls**, **Tajah Patel** and with invaluable input from **Jim Rodgers** and **Rosemary Loverdi**, Pennsylvania American Water (PAW), the Dauphin County-based subsidiary of publicly traded American Water Works Co., completed the \$159 million acquisition of a large municipal wastewater system owned by our client, the City of McKeesport, in December. The system serves approximately 22,000 customers in thirteen municipalities in Allegheny County. It is the most recent wastewater acquisition for PAW, which has been expanding its footprint throughout Pennsylvania.

This transaction, which our team started working on in the summer of 2016, is the first acquisition under Pennsylvania's fair market value statute, Act 12. Among other things, Act 12 revises Chapter 13 of the Pennsylvania Public Utility Code to provide a framework for valuing, for ratemaking purposes, water and wastewater systems that are owned by a municipal corporation or authority and that are to be acquired by another entity that is or will be regulated by the Pennsylvania Public Utility Commission (PUC) as a public utility.

Tom worked closely with the PAW team in proceedings before the PUC and in negotiating a settlement of the valuation with the PUC's Office of Consumer Advocate. The transaction provided the City with much needed capital to address its pressing economic needs.

According to its mayor, Michael Cherepko, "The crux of this transaction is bringing financial stability to the City of McKeesport and saving our taxpayers from Act 47 municipal bankruptcy. When we think about it, the privatization of local sewage services truly makes sense. The city isn't involved in other utility businesses—gas, electric, water—and this is a final step in providing consistent, regulated utility services to our community."