



SCRANTON WASTEWATER

A Pennsylvania American Water Success Story

In December 2016, Pennsylvania American Water acquired the wastewater system assets of Scranton Sewer Authority (SSA) – a Combined Sewer System that provides wastewater service to approximately 31,000 customers in Scranton and Dunmore. The transaction represented one of the largest wastewater acquisitions in the company's history. Pennsylvania American Water was already the public water service provider for these communities and brought both the technical expertise and financial resources to meet SSA's unique challenges, provide a long-term wastewater solution, and maintain reasonable rates for the customers. The acquisition marked a significant milestone for Pennsylvania American Water and its employees due to the size and scope of this wastewater operation and the environmental challenges facing the system.

PRIOR TO THE ACQUISITION

In 2013, prior to the acquisition, Scranton Sewer Authority entered into a Consent Order and Long Term Control Plan (LTCP) with the U.S. Environmental Protection Agency (EPA) mandating \$140 million in upgrades to the system to achieve environmental compliance. Under the agreement, SSA historically faced financial penalties for a number of violations ranging from reporting failures and air quality violations to effluent exceedances and dry weather overflows. Over the years, SSA paid hundreds of thousands of dollars in fines.

	Under SSA 2001 – 2016	Under Pennsylvania American Water 2017 – 2019
EPA Violations	15+	0
Fines	\$375,619	\$0



LONG TERM CONTROL PLAN EXECUTION

The Long Term Control Plan is a 25-year program of nearly 60 combined sewer overflow (CSO) improvement projects to control and significantly reduce the amount of wastewater discharged into the Lackawanna River and its tributaries. Prior to the acquisition, SSA often struggled with routine maintenance requirements outlined in the Consent Order. Lack of proper equipment, training, and a reactive response to improvements caused cleaning and inspection of catch basins and sewer lines to fall behind established goals.

(continued)

BENEFITS OF ASSET PURCHASE

- Generates revenue from sale proceeds
- Avoids future capital expenditures for systems' upgrades and maintenance
- Ensures compliance with environmental regulations
- Provides professional management of water/wastewater operations
- Protects water/wastewater rates through single-tariff pricing, regulated by PA Public Utility Commission



More than \$6 million in being invested in the Scranton wastewater treatment plant headworks to improve performance and reliability.



PENNSYLVANIA
AMERICAN WATER

WE KEEP LIFE FLOWING™



Currently, \$18 million in plant improvements are underway, and the company plans to invest an additional \$20 million over the next five years.

Following the acquisition, Pennsylvania American Water assumed responsibility for the Consent Order and LTCP, completing all projects outlined in the first phase and accelerating second phase projects ahead of schedule. Using extensive hydraulic modeling and multi-sensor investigation technology, Pennsylvania American Water has improved on the Consent Order's mandated reduction in CSOs by nearly 30 percent through the first two phases of the LTCP. The company has drawn from its team of GIS, Engineering, and other external resources to improve project delivery.

LONG TERM CONTROL PLAN SUCCESS UNDER PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water leadership incorporated a focus on the company's core values of Safety, Trust, Environmental Leadership, Teamwork, and High Performance into a plan for Scranton Wastewater Operations. The company developed a Capital Plan to immediately identify and correct problem areas of the system and purchased new equipment and technologies that allowed employees to complete tasks more efficiently. The company implemented a focus on safety, including new personal protective equipment for all employees and extensive training programs, including OSHA compliance.

In early 2018, Pennsylvania American Water's Scranton Wastewater Operations team met with representatives from EPA and Pennsylvania Department of Environmental Protection regarding its 2017 operations. Operations team members learned that, for the first time, Scranton Wastewater was not facing any penalties for 2017 operations. Since the acquisition, Scranton Wastewater operations underwent numerous inspections for air quality, lab, and NPDES permitting, all resulting in zero NOVs.



A 120,000-gallon equalization system was installed to substantially reduce combined sewer overflows into the Lackawanna River. This is one of over 60 CSO reduction projects being completed as part of the long-term control plan.



Hydraulic capacity and treatment improvements are underway to increase plant capacity and provide enhanced wastewater treatment prior to discharge into the Lackawanna River.

POST-ACQUISITION ACCOMPLISHMENTS



Zero NOVs and accomplished compliance with Consent Order and LTCP deadlines



Replaced more than 12,000 feet of sewer main, including numerous manholes and catch basins



Completed survey, assessment and GIS mapping of entire wastewater collection system



Established culture of safety with employees

AN ENVIRONMENT OF TRUST

Since the acquisition, relationships with regulatory agencies have improved with the Scranton Wastewater operation because the agencies trust that Pennsylvania American Water is not only meeting standards but exceeding them. The company holds quarterly meetings to discuss important elements of the NPDES Permit and present and future schedules. Pennsylvania American Water maintains a transparent relationship with its regulatory agencies, freely disclosing courtesy information that is not compliance related. In return, our regulators trust that we are doing the right thing.

LEARN MORE

Bernie Grundusky
Vice President, Business Development
717-550-1590
bernie.grundusky@amwater.com



SOLUTIONS. ONE MORE WAY WE KEEP LIFE FLOWING.