



COMMONWEALTH OF PENNSYLVANIA

April 25, 2016

E-FILED

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

**Re: Joint Application of Pennsylvania-American Water Company and the Sewer Authority of the City of Scranton for Approval of (1) the Transfer, by Sale, of Substantially all of the Sewer Authority of the City of Scranton's Sewer System and Sewage Treatment Works 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 Scranton and the Borough of Dunmore, Lackawanna County, Pennsylvania
Docket No. A-2016-2537209**

Dear Secretary Chiavetta:

I am delivering for filing today the Intervention and Protest, along with the Public Statement, and Verification, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding. Copies will be served today on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon E. Webb".

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Enclosures

cc: Hon. Charles E. Rainey, Jr.
Brian Kalcic
Parties of Record

3. The Application was filed by jointly by the Pennsylvania-American Water Company. (“PAWC” or “Company”) and The Sewer Authority of the City of Scranton’s Sewer System and Sewage Treatment Works (“City” or “Sewer Authority”) (collectively, “Joint Applicants”), with respect to the proposed (1) transfer by sale of substantially all of the Sewer Authority’s assets, properties and rights related to its wastewater collection and treatment systems to PAWC; and, (2) PAWC’s right to offer, render, furnish and supply wastewater service in the areas served by the Authority (including approval to make effective upon closing the *pro forma* tariff supplement attached to the filing as **Exhibit L**).

4. PAWC is a Commission-certificated operating public utility and provides service to all classes of customers in designated service territories within Pennsylvania.

5. Section 1102(a) of the Public Utility Code, 66 Pa. C.S. § 1102(a), permits a public utility to undertake certain actions only upon Commission approval evidenced by a certificate of public convenience. Among the activities that require Commission approval is the following:

(3) For any public utility or an affiliated interest of a public utility . . . to acquire from, or to transfer to, any person or corporation . . . by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

66 Pa. C.S. § 1102(a)(3).

7. When a certificate of public convenience is required under Section 1102, Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), allows the Commission to issue the certificate only upon a finding or determination that the granting of such certificate is “necessary or proper for the service, accommodation, convenience, or safety of the public.” According to the Pennsylvania Supreme Court, satisfying this standard requires the Commission to find that a proposed acquisition would

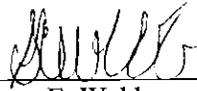
“affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.” City of York v. Pennsylvania Public Utility Commission, 449 Pa. 136, 141, 295 A.2d 825, 828 (Pa. 1972). In addition, Section 1103(a) allows the Commission to impose upon its issuance of a certificate of public convenience “such conditions as it may deem to be just and reasonable.”

8. The Application raises issues of concern that may require the Commission to reject the Proposed Acquisition or to approve it only after imposing conditions. Specifically, the OSBA is concerned about PAWC’s proposal to limit price increases to certain customers following the closing of the proposed acquisition. The Joint Applicants proposed that the rates for acquired customers would not increase prior January 1, 2018. The Joint Applicants also allege that for ten years following, the rates for said customers rates would not increase by more than an average of 1.9% of the compound annual growth rate per year. The OSBA submits that further information is required to determine the impact on small business customers impacted by the proposed transaction.

9. Based upon the content of the Application, the OSBA submits that the Joint Applicants have failed to demonstrate that the Proposed Merger would result in an affirmative public benefit, as required under Section 1103(a) of the Public Utility Code and under York, 449 Pa. at 141, 295 A.2d at 828.

WHEREFORE, the Office of Small Business Advocate respectfully requests that the Commission conduct a full investigation, including evidentiary hearings, regarding the Application. Upon completion of that investigation, the OSBA further requests that the Commission reject the Application unless the Commission finds that the Proposed Acquisition is in the public interest; provides substantial, affirmative benefits to customers; and complies with the Public Utility Code. Finally, the OSBA requests, in the alternative, that, if the Commission approves the Proposed Acquisition, the Commission impose such terms and conditions upon its approval as are necessary to ensure that the Proposed Acquisition is in the public interest; provides substantial, affirmative benefits to customers; and complies with the Public Utility Code.

Respectfully submitted,



Sharon E. Webb
Assistant Small Business Advocate
Attorney I.D. No. 73995

For: John R. Evans
Small Business Advocate

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300 North Second Street, Suite 202
Harrisburg, PA 17101
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(717) 783-2831 (fax)

Date: April 25, 2016

The Office of Small Business Advocate (“OSBA”) has intervened in this case to assure that the interests of small business customers served by Pennsylvania American Water Company (“PAWC” or “Company”) and Sewer Authority of the City of Scranton’s Sewer System and Sewer Treatment Works (“City” or “Sewer Authority”) are adequately represented.

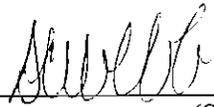
The proposed acquisition will affect the rates, terms, and conditions under which small business customers receive water and sewer services. Therefore, the OSBA has filed a Notice of Intervention and Protest in this proceeding to assure that the interests of the small business customers served by PAWC and the Sewer Authority are adequately represented and protected.

Dated: April 25, 2016

VERIFICATION

I, Sharon E. Webb, hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: April 25, 2016



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Joint Application of Pennsylvania-
American Water Company and the
Sewer Authority of the City of Scranton
for Approval of (1) the transfer, by sale,
of substantially all of the Sewer Authority
of the City of Scranton's Sewer System
and Sewage Treatment Works 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
Scranton and the Borough of Dunmore,
Lackawanna County, Pennsylvania** :

Docket No. A-2016-2537209

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (unless other noted below) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Charles E. Rainey, Jr.
Chief Administrative Law Judge
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Susan Simms Marsh, Esquire
Pennsylvania American Water Company
800 Hersheypark Drive
Hershey, PA 17033

DATE: April 25, 2016



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Attorney I.D. No. 73995