

May 13, 2016

VIA E-FILE

David P. Zambito

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: In 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**

JOINT APPLICANTS' MOTION TO AMEND EXHIBIT L OF JOINT APPLICATION

Dear Secretary Chiavetta:

Enclosed for filing with the Commission, please find Pennsylvania-American Water Company and The Sewer Authority of The City of Scranton's Motion to Amend Exhibit L in the above-referenced proceeding. A copy of this document has been served in accordance with the attached Certificate of Service.

If you have any questions regarding this filing, please direct them to me. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR



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

DPZ/kmg
Enclosure

cc: Honorable David A. Salapa
Honorable Steven K. Haas
Per Certificate of Service

CERTIFICATE OF SERVICE
In Re: Joint Application of Pennsylvania-American Water Company and
the Sewer Authority of the City of Scranton
Docket No. A-2016-2537209

I hereby certify that I have this day served a true copy of Joint Applicants' Motion to Amend Exhibit L of the Joint Application filed March 30, 2016 upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA FIRST CLASS MAIL:

Allison C. Kaster, Esquire
Gina L. Lauffer, Esquire
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

Christine Maloni Hoover, Esquire
Erin L. Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Sharon E. Webb, Esquire
Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101-1303

John F. Povilaitis, Esquire
Alan Michael Seltzer, Esquire
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101

Aramark Cleanroom Services
1037 Hemlock Street
Scranton, PA 18505

CPG International
801 Corey Street
Scranton, PA 18505

CPG International
888 Keyser Avenue
Scranton, PA 18504

CSD Co Packers
100 West Poplar Street
Scranton, PA 18509

David Elliot Poultry Farm
200 Breck Street
Scranton, PA 18505

Enzyme Development Corporation
312 South Sherman Avenue
Scranton, PA 18504

Enzyme Development Corporation
2 Penn Plaza, Suite 2439
New York, NY 10121

General Dynamics Ordinance and
Tactical Systems
156 Cedar Avenue
Scranton, PA 18505

JCM Manufacturing
500 Mill Street
Dunmore, PA 18512

Keystone Sanitary Landfill
Dunham Drive
Dunmore, PA 18512

Master Halco, Inc.
1000 North South Road
Scranton, PA 18504

Noble Biomaterials
PO Box 3807
300 Palm Street
Scranton, PA 18505

Steamtown National Historic Site
150 South Washington Avenue
Scranton, PA 18503

United Gilsonite Laboratories
1396 Jefferson Avenue
Scranton, PA 18509

Waste Management of Northeast PA
13 Peggy Parkway
Dunmore, PA 18512

DATED: May 13, 2016



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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In 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 : Docket No. A-2016-2537209
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 :

NOTICE TO PLEAD

You are hereby notified that, if you wish to contest the enclosed Motion to Amend Exhibit L of Joint Application, a protest or petition to intervene in the above-captioned proceeding and an answer or other responsive pleading to the motion must be filed, pursuant to 52 Pa. Code §§ 5.65, 5.51, 5.74, and 5.103(c), within twenty (20) days from service of the motion. Any such pleadings must be filed with the Secretary of the Pennsylvania Public Utility Commission with a copy served on the presiding Administrative Law Judges and counsel for Pennsylvania-American Water Company, The Sewer Authority of the City of Scranton, and other parties to the proceeding.

File with:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

With a copy to:

David P. Zambito, Esquire
D. Troy Sellars, Esquire
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101

John F. Povilaitis , Esquire
Alan Michael Seltzer, Esquire
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101

Honorable David A. Salapa
Honorable Steven K. Haas
Office of Administrative Law Judges
Pennsylvania Public Utility Commission
PO Box 3625
Harrisburg, PA 17105-3265


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The environmental regulatory elements of the Industrial Pretreatment Program (*e.g.*, effluent standards, discharge prohibitions, and industrial discharge permit program rules) will not be reviewed and approved by the Pennsylvania Public Utility Commission, but will be submitted for review and approval by the Pennsylvania Department of Environmental Protection as part of the NPDES Permit for the system. Those wishing to comment on environmental regulatory elements of the Industrial Pretreatment Program should send them to Pennsylvania-American Water Company and the company will address them and include them, along with its responses, in the submittal of the Industrial Pretreatment Program to the Pennsylvania Department of Environmental Protection. Comments should be submitted to the Company on or before June 13, 2016 and directed to David R. Kaufman, Vice President - Engineering, Pennsylvania-American Water Company, 800 West Hersheypark Drive, Hershey, PA 17033.

Dated: May 13, 2016



David P. Zambino, Esquire

VERIFICATION

I, David Kaufman, Vice President-Engineering, Pennsylvania-American Water Company, hereby verify that the information in the foregoing Response(s) is true and correct to the best of my information, knowledge and belief. I understand that the statements are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Date: 5/13/16


Signature

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judges David A. Salapa
and Steven K. Haas

In 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

**JOINT APPLICANTS'
MOTION TO AMEND EXHIBIT L
OF JOINT APPLICATION**

Pennsylvania-American Water Company (“PAWC”) and The Sewer Authority of the City of Scranton (“SSA”) (collectively, “Joint Applicants”), by and through the undersigned counsel, move, pursuant to 52 Pa. Code §§ 5.91 (“Amendment of pleadings generally”) and 5.103 (“Motions”), to amend Exhibit L of their Joint Application filed in the above-captioned matter on March 30, 2016 (“Application”). In support of this Motion to Amend Exhibit L of Joint Application (“Motion”), the Joint Applicants aver and represent as follows:

1. The Application requests Commission approval of PAWC’s acquisition of SSA’s assets (“Transaction”), PAWC’s provision of wastewater service in the area currently served by

SSA, and the *pro forma* tariff supplement attached to the Application as Exhibit L. The Application also requests all other approvals and relief as necessary to carry out the Transaction in a lawful manner.

2. The *pro forma* tariff supplement included with the Application as Exhibit L sets forth the initial rates and terms and conditions of PAWC's service to customers in the area currently served by SSA. The Joint Applicants have requested that the *pro forma* tariff supplement be allowed to become effective immediately upon closing of the Transaction.

3. Attached to this Motion as **Appendix A** are additional *pro forma* tariff supplement pages ("Additional Pages") relating to an Industrial Pretreatment Program to be implemented by PAWC for Scranton-area industrial customers ("IPP-S"). The IPP-S would supplant, and is substantially similar to, the currently-effective Industrial Pretreatment Program for SSA customers currently administered by SSA. The Industrial Pretreatment Program requires that industrial and certain commercial customers monitor, test, treat, and control pollutants in their wastewater before it enters wastewater collection and treatment system, and is designed to protect the collection system and wastewater treatment plant from interference, pass-through or damage. The Industrial Pretreatment Program includes fees for administration of the program (*e.g.*, fees for permit applications, inspections, and monitoring) and fees for loadings from industrial users which are stronger (have higher concentrations) than typical domestic sewage, reflecting the additional costs involved in treatment those loadings.

4. The IPP-S has been submitted to the Pennsylvania Department of Environmental Protection ("DEP") and the U.S. Environmental Protection Agency, and it is anticipated that it will be approved as part of the transfer to PAWC of the National Pollutant Discharge Elimination System ("NPDES") Permit for the SSA system to be issued effective upon closing of the

Transition. The Additional Pages, if approved by the Commission through this proceeding, would -- upon closing of the Transaction -- incorporate the IPP-S, as approved by DEP, into PAWC's wastewater tariff and set the fees that may be charged by PAWC under the IPP-S.

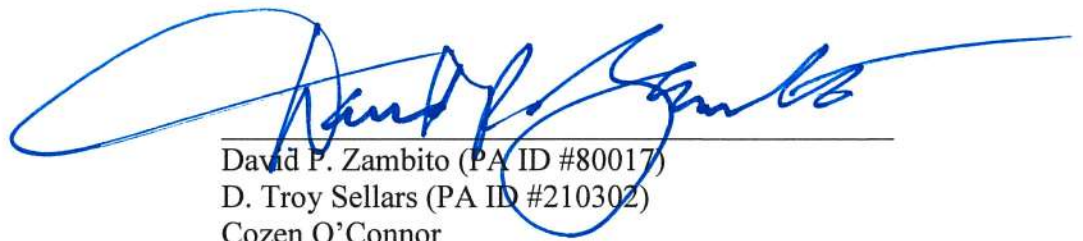
5. The Motion requests only that Exhibit L of the Application be amended to incorporate the Additional Pages. The parties in this proceeding will then be free to address the Additional Pages along with the *pro forma* tariff supplement pages included in Exhibit L to the Application.

6. Granting this Motion and permitting the amendment to Exhibit L of the Application as requested herein is appropriate because: (a) the Joint Applicants were unable to include the Additional Pages at the time of filing of the Application because jurisdictional issues involving DEP's review of the IPP-S were still being resolved; (b) the Additional Pages are clearly related to the subject matter of the Application proceeding; (c) the Additional Pages are appropriately included in the *pro forma* tariff supplement included as Appendix A to the Application; (d) the Application proceeding will not be unreasonably delayed by the incorporation of the Additional Pages into Exhibit L to the Application; (e) all current and potential parties will have notice of and an opportunity to be heard with regard to the Additional Pages; (f) consideration of the Additional Pages in conjunction of the Application proceeding will preserve the time and resources of the Commission and the parties; and, (g) consideration of the IPP-S in conjunction with the Application is in the public interest because, under Section 12.01(c) of the Asset Purchase Agreement (Exhibit F to the Application), approval of a tariff supplement incorporating the IPP-S is a condition precedent to closing of the Transaction and timely closing is important to the financial well-being of the City of Scranton.

7. In order to ensure that all interested persons receive notice of and have an opportunity to be heard on the Additional Pages in the context of the instant proceeding, the Joint Applicants have served a copy of this Motion upon the current parties to this proceeding and upon all potentially-affected industrial customers in the Scranton-area to whom the IPP-S may apply. The attached Notice to Plead details how interested persons may participate in this proceeding.

WHEREFORE, for the reasons set forth above, Pennsylvania-American Water Company and The Sewer Authority of the City of Scranton respectfully request that the Honorable Administrative Law Judges David A. Salapa and Steven K. Haas: (i) grant this Motion to Amend Exhibit L of Joint Application in its entirety without modification; (ii) permit the tariff supplement pages attached hereto as **Appendix A** to be included in the *pro forma* tariff supplement attached as Exhibit L to the above-captioned Joint Application; and, (iii) grant the Joint Applicants such other relief as is just and reasonable under the circumstances..

Respectfully submitted,



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Dated: May 13, 2016

Counsel for *The Sewer Authority of the City of Scranton*

APPENDIX A

Section S. Industrial Pretreatment Program (Scranton-Area) Compliance

This Section applies to Industrial customers served under Rate Zone 11 of this tariff. All such customers shall comply with the "Industrial Pretreatment Program (Scranton-Area)" ("IPP-S") as approved by the Pennsylvania Department of Environmental Protection and as may be amended from time to time. It is the purpose of this Section to provide for the recovery of costs caused by such customers for the implementation, administration, and enforcement of the IPP-S, and for the additional costs for treatment of wastewaters from such customers who have loadings and characteristics that are in excess of Domestic Sewage as defined by the IPP-S. Pursuant to the IPP-S, IPP-S fees are set by this tariff. IPP-S fees are separate from and in addition to all other rates chargeable by the Company under this tariff.

The fees as set forth in Schedule IPP-S-1 below will be in effect for customers subject to the IPP-S. Terms are as defined by IPP-S.

SCHEDULE IPP-S-1

1.1. General Fees

- 1.1.1. IWDP Application Fee: \$1,000.00
- 1.1.2. IWDP Transfer Fee: \$250.00
- 1.1.3. Facility Inspection Fee: \$250.00 per inspection
- 1.1.4. Monitoring Report Review Fee: \$250.00 per monitoring report
- 1.1.5. Sampling and Analysis Fee: Actual cost of sampling and laboratory analysis plus 25% to cover administrative costs.
- 1.1.6. Accidental Discharge, Slug Control, and/or Monitoring Fee: Actual cost of response to accidental discharges or discharges of slugs loads, including but not limited to the costs incurred for any additional treatment or other actions required to manage such discharges, monitoring and response to such discharges, correction of any resulting contamination or other impacts to the Treatment Works, including the Collection System and Treatment Plant.

Issued:

Effective:

1.1.7. Compliance and Enforcement Fee - Administrative and Legal: Actual cost incurred by the Company for investigation and actions to address a User's non-compliance with the terms of this IPP or any IWDP.

1.1.8. Damage Repair: Actual cost for cleaning, repair, replacement and/or correction of any damage to the Treatment Works, including the Collection System and the Treatment Plant, caused or contributed to by a User's discharge.

1.2. Specific Fees

1.2.1. Industrial Loading Fee - applicable on a quarterly basis to discharges with loadings above typical Domestic Sewage loadings up to but not exceeding any applicable Local Limit or IWDP limit, based on sampling and analysis by the Company and sampling required to be reported by the User under an IWDP:

Quarterly Fee (\$) = $Q \times \{ ((\text{BOD5 Actual} - \text{BOD5 Domestic}) \times \text{BOD5 Cost Factor}) + ((\text{NH3-N Actual} - \text{NH3-N Domestic}) \times \text{NH3-N Cost Factor}) + ((\text{TSS Actual} - \text{TSS Domestic}) \times \text{TSS Cost Factor}) \}$

Where:

BOD5 Actual = actual concentration of BOD5 in mg/l as measured by the Company or the Industrial User

BOD5 Cost Factor = Treatment cost for BOD5 for the system = 0.0045

BOD5 Domestic = 330 mg/l, the typical concentration in Domestic Sewage

NH3-N Actual = actual concentration of NH3-N in mg/l as measured by the Company or the Industrial User

NH3-N Cost Factor = Treatment cost for NH3-N for the system = 0.0063

NH3-N Domestic = 23 mg/l, the typical concentration in Domestic Sewage

Q = Total flow for the quarter measured in thousand gallons

TSS Actual = actual concentration of TSS in mg/l as measured by the Company or the Industrial User

TSS Cost Factor = treatment cost for TSS for the system = 0.0028

Issued:

Effective:

TSS Domestic = 350 mg/l, the typical concentration in Domestic Sewage

The Company reserves the right to substitute COD Actual for BOD5 Actual, COD Domestic for BOD5 Domestic, and COD Cost Factor for BOD5 Cost Factor in the above formula in the event that BOD5 is not the normal measure of strength of the Industrial Waste, where:

COD Actual = actual concentration of COD in mg/l as measured by the Company or the Industrial User

COD Cost Factor = treatment cost for BOD5 for the System, as provided above

COD Domestic = 600 mg/l, the typical concentration in Domestic Sewage

1.2.2. Excess Loading Fee - applicable to discharges with loadings that exceed a Local Limit or IWDP limit:

If in any monthly period, the loading of BOD5/COD, NH3-N, or TSS exceeds a Local Limit or IWDP limit, then for the applicable parameter, in calculating the Industrial Loading Fee under §1.2.1, the BOD5 Cost Factor, COD Cost Factor, NH3-N Cost Factor and/or TSS Cost Factor, applicable to the total loading of that parameter will be 125% of the value set forth in §1.2.1 to compensate for the additional administrative, oversight and management costs associated with managing such excessive loadings.

1.2.3. Special Discharge Fee - applicable to discharges with loadings or concentrations that exceed a Local Limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damages to the facility, or require extraordinary measures:

Fee = Actual cost incurred by the Company, including but not limited to:
(1) additional costs of managing impacted sludge (including costs related to use of alternative disposal facilities, additional monitoring, etc.),
(2) costs of acquiring nutrient credits to meet NPDES Permit cap limits;
(3) costs of repairs to and restoration of the Treatment Works, including the Collection System and Treatment Plant; or (4) costs of implementing any other measures required to control, manage and address such excessive loadings or concentrations.

Issued:

Effective: