**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 : A-2016-2537209

wastewater collection and treatment system to :

Pennsylvania American Water Company, and (2) :

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 :

**ORDER GRANTING MOTION TO AMEND APPLICATION**

On March 30, 2016, Pennsylvania-American Water Company (PAWC) and the Sewer Authority of the City of Scranton (Scranton), filed with the Pennsylvania Public Utility Commission (Commission) their joint application requesting that the Commission, pursuant to 66 Pa.C.S. § 1102, approve PAWC’s acquisition of all the assets of Scranton’s sewer system and sewage treatment works and approve PAWC’s application to render wastewater service in the areas served by Scranton.

The joint application states that PAWC is a public utility regulated by the Commission, providing water and waste water service to the public. PAWC provides water and wastewater service to more than 400 communities in Pennsylvania. PAWC currently provides water service to the City of Scranton and Borough of Dunmore.

The joint application also asserts that Scranton is a municipal authority organized under the laws of Pennsylvania. Scranton owns and operates a wastewater collection and treatment system providing wastewater service to the City of Scranton and the Borough of Dunmore. Scranton provides wastewater service to approximately 21,229 customers.

Notice of the joint application was published in the April 9, 2016 Pennsylvania Bulletin at 46 Pa.B. 1882, specifying a deadline of April 25, 2016, for filing protests, petitions to intervene and answers to the joint application. PAWC and Scranton caused notice of the joint application to be published in the Scranton Times on April 12, 2016 and April 19, 2016. PAWC and Scranton filed proofs of publication in the Scranton Times with the Commission on April 25, 2016.

On April 5, 2016, the Office of Consumer Advocate (OCA) filed a protest and public statement.

On April 8, 2016, the Commission’s Bureau of Investigation and Enforcement (I&E) filed a notice of appearance.

By hearing notice dated April 20, 2016, the Commission scheduled an in-person prehearing conference on May 10, 2016 at 10:00 a.m. in Room 318, Scranton State Office Building, Scranton and assigned the case to Administrative Law Judge (ALJ) Ember S. Jandebeur.

On April 25, 2015, the Office of Small Business Advocate (OSBA) filed an answer, notice of intervention and public statement.

By hearing notice dated April 27, 2016, the Commission scheduled a telephonic prehearing conference on May 10, 2016 at 10:00 a.m. and reassigned the case to ALJ David A. Salapa and ALJ Steven K. Haas. We issued a prehearing conference order dated April 27, 2016, setting forth the procedural matters to be addressed at the telephonic prehearing conference.

At the request of the parties, the prehearing conference was converted to an in-person prehearing conference. We conducted a prehearing conference in this case on May 10, 2016 at 10:00 a.m. in Harrisburg. Present were counsel for PAWC, Scranton, I&E, OCA and OSBA. As a result of the prehearing conference, we issued Prehearing Order #2, dated May 10, 2016. Prehearing Order #2 established a litigation and briefing schedule.

By notice dated May 10, 2016, the Commission scheduled this matter for hearings on July 6-8, 2016 at 10:00 a.m. in Hearing Room 2, Commonwealth Keystone Building in Harrisburg.

On May 13, 2016, PAWC and Scranton filed their motion, pursuant to 52 Pa.Code §§ 5.91 and 5.103 to amend Exhibit L of their joint application. In support of their motion, PAWC and Scranton allege Exhibit L is a tariff supplement that sets forth the initial rates and terms and conditions of PAWC’s proposed service in the area currently served by Scranton. The joint application requests that the tariff supplement be allowed to become effective immediately upon the closing of the purchase by PAWC.

The motion further asserts that attached to the motion, marked as Appendix A, are additional tariff supplement pages relating to an industrial pretreatment program (IPP-S) to be implemented by PAWC for Scranton’s industrial customers. According to the motion, the IPP-S is substantially similar to the current industrial pretreatment program for Scranton’s industrial customers, currently administered by Scranton.

The industrial pretreatment program requires that industrial customers monitor, test, treat and control pollutants in their wastewater before it enters the wastewater collection and treatment system. The industrial pretreatment program 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 and fees for loadings from industrial users, reflecting additional costs involved in treatment of those loadings.

According to the motion, the IPP-S has been submitted to the Pennsylvania Department of Environmental Protection (DEP) and the United States Environmental Protection Agency (EPA). PAWC and Scranton anticipate that the IPP-S will be approved as part of the transfer to PAWC of the National Pollutant Discharge Elimination System (NPDES) Permit for the Scranton system to be issued upon the closing of the purchase by PAWC. The additional tariff supplement pages, if approved by the Commission, would incorporate the IPP-S into PAWC’s wastewater tariff and set the fees that may be charged by PAWC under the IPP-S.

The motion alleges that, to ensure that all interested persons receive notice of and have opportunity to be heard on the additional pages, PAWC and Scranton have served a copy of this motion upon the parties to this proceeding as well as on all potentially affected industrial customers in the area to whom the IPP-S may apply. The motion requests that Exhibit L of the joint application be amended to incorporate the additional pages.

As of the date of this order, no answer has been filed in response to the motion to amend the joint application.

The allegations in the motion constitute good cause for granting the motion. While the Commission’s regulations at 52 Pa.Code § 5.92 do allow parties to amend pleadings to conform to the evidence presented at a hearing, amending the joint application now will allow a hearing in this matter to proceed much more efficiently than amending the joint application at hearing.

In addition, no answer opposing the motion has been filed. We can only conclude from this that none of the entities served with the motion oppose the motion. For the above reasons, we will grant the motion to amend the joint application.

ORDER

THEREFORE,

IT IS ORDERED:

1. That Pennsylvania-American Water Company’s and Sewer Authority of the City of Scranton’s motion to amend Exhibit L of their joint application is granted.

2. That Exhibit L of Pennsylvania-American Water Company’s and Sewer Authority of the City of Scranton’s joint application is amended as set forth in Appendix A attached to their motion to amend their joint application.

Date: June 15, 2016 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

David A. Salapa

Administrative Law Judge

Steven K. Haas

Administrative Law Judge

**A-2016-2537209 – JOINT APPLICATION OF PENNSYLVANIA AMERICAN WATER COMPANY**

*(Revised 4/26/16)*

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