



**Susan Simms Marsh**

Deputy General Counsel  
800 West Hersheypark Drive  
Hershey, PA 17033

P 717-531-3208

F 717-531-3399

E [susan.marsh@amwater.com](mailto:susan.marsh@amwater.com)

I [www.amwater.com](http://www.amwater.com)

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**e-File**

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

Re: Implementation of Chapter 32 of the Public Utility Code Re  
Pittsburgh Water And Sewer Authority  
Docket No. M-2018-2640802 (water)  
Docket No. M-2018-2640803 (wastewater)

Dear Secretary Chiavetta:

Pennsylvania-American Water Company is submitting the attached Comments in response to the Pennsylvania Public Utility Commission's Tentative Implementation Order entered January 18, 2018, for the above-captioned dockets.

Should you have any questions concerning this filing, please contact me.

Thank you.

Sincerely,

Susan Simms Marsh

Attachment

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Implementation of Chapter 32 of the</b>	<b>:</b>	<b>Docket No. M-2018-2640802 (water)</b>
<b>Public Utility Code Re Pittsburgh Water</b>	<b>:</b>	<b>Docket No. M-2018-2640803 (wastewater)</b>
<b>And Sewer Authority</b>	<b>:</b>	

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**COMMENTS OF  
PENNSYLVANIA-AMERICAN WATER COMPANY**

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**I.     INTRODUCTION**

On December 21, 2017, Governor Wolf signed into law House Bill 1490, or Act 65 of 2017 (Act 65) which amended the Public Utility Code and provided for the Pennsylvania Public Utility Commission (Commission), beginning April 1, 2018, to have oversight and jurisdiction over authorities in cities of the second class which own or operate facilities that provide water and wastewater service to customers for compensation and for stormwater collection, conveyance, treatment and disposal. Specifically, Act 65 amended 66 Pa. C.S. § 1301 and added a new Chapter 32.

Pittsburgh Water and Sewer Authority (PWSA) is the water and sewer authority to which Act 65 applies and Act 65 placed PWSA under the regulatory jurisdiction of the Commission. Accordingly, PWSA will be subject to most provisions of the Public Utility Code and Commission regulations effective April 1, 2018; however, Act 65 specifically states PWSA is not a public utility.

On January 18, 2018, the Commission issued a Tentative Implementation Order (Tentative Order). PWSA will be subject to many of the requirements of the Public Utility Code and in many respects will be treated the same as an existing regulated public utility with few exceptions. The exceptions include but not limited to PWSA retaining

the ability to access municipal financing (low cost capital). The Tentative Order includes proposals for tariff approval, ratemaking, compliance plan and assessment. The Commission invited interested parties, stakeholders and the public to provide comments on its tentative proposals, interpretations and to offer additional recommendations for consideration as part of the final Implementation Order.

Pennsylvania-American Water Company (“Pennsylvania American” or “PAWC”)<sup>1</sup> appreciates the opportunity provided by the Commission to submit comments to the Tentative Order. PAWC’s comments are based on its many years of existence and operating as a regulated public utility, contiguous to PWSA, as well as PAWC’s long-term relationship with PWSA. Pennsylvania American offers the following comments:

## **II. COMMENTS**

### **A. 66 Pa. C.S. § 3201 - Definitions**

In the Tentative Order, the Commission points out that it does not consider the offering of water and wastewater service by one utility to be joint service thereby requiring one tariff. Thus, the Commission will initially require two separate tariffs for PWSA service, water and wastewater, and it will treat PWSA offerings as separate utilities. The Commission proposes to establish PWSA stormwater service as a tariff-based utility service subject to the Public Utility

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<sup>1</sup> Pennsylvania-American Water Company is a water and wastewater public utility regulated by the Pennsylvania Public Utility Commission and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. Water and wastewater service is furnished by Pennsylvania-American Water Company to the public in a service territory encompassing more than 36 counties and 404 communities across the Commonwealth with a combined population of approximately 2,300,000. Pennsylvania-American Water Company is a wholly owned subsidiary of American Water Works Company, Inc. Founded in 1886 as the American Water Works & Guarantee Company, American Water has been serving customers and communities for more than 125 years. The company employs more than 6,800 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to an estimated 15 million people in 47 states and Ontario, Canada.

Code and Commission regulations. After a review of parties' comments to the Tentative Order, the Commission will evaluate whether it will require PSWA to file a separate stormwater tariff.

The Commission has a long-standing history of requiring public utilities that provide both water and wastewater services to file two separate tariffs.<sup>2</sup> The Commission's existing processes and procedures are aligned with this approach. Moreover, existing public utilities that provide water and wastewater services have followed and continue to follow the Commission's requirements. The existing public utilities that offer water and wastewater services and have current, approved separate tariffs on file with the Commission, can serve as a model for PWSA. Accordingly, PAWC supports the continuation of this approach. It will ensure the application of consistent processes and procedures for all similar regulated utilities.

Precedent has been set for the requirement of filing separate tariffs for different offerings by a utility. With the oversight and jurisdiction of stormwater services that the General Assembly provided to the Commission under Act 65, the Commission can use the experiences and knowledge gained from regulating existing public utilities that offer more than one regulated service. Processes and procedures to establish separate tariff-based utility services are in place and available to model for the establishment of a separate stormwater tariff. The transition plan provided for in Chapter 32 will permit an orderly move to this model and regulation by the

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<sup>2</sup> Application of Pennsylvania-American Water Company and Country Place Water Company, Inc. for approval of (1) the transfer by sale of all the waterwork's property and rights of Country Place Water Company, Inc. to Pennsylvania-American Water Company, (2) the right of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in portions of Coolbaugh Township, Monroe County and (3) the abandonment by Country Place Water Company, Inc. of all water service to the public; Docket No. A-00212285 F.0023 - Order entered April 28, 1995.

Pennsylvania-American Water Company and Country Place Waste Treatment Company, Inc. for approval of (1) the transfer by sale of all the sanitary sewage collection property and rights of Country Place Waste Treatment Company, Inc. to Pennsylvania-American Water Company, (2) the right of Pennsylvania-American Water to begin to offer or furnish sanitary sewage collection and disposal service to the public in portions of Coolbaugh Township, Monroe County, and (3) the abandonment by Country Place Waste Treatment Company, Inc. of all sewage service to the public; Docket No. A-00212285 F. 0024 - Order entered April 28, 1995.

Commission pursuant to the Public Utility Code. PAWC looks forward to participating in the Commission's development of processes, procedures and regulations for stormwater utility services.

**B. 66 Pa. C.S. § 3202 – Application of Provisions of Title**

In the Tentative Order, the Commission points out that Section 3202 requires PWSA to apply for a certificate of public convenience to expand service beyond where it is actually providing service as of April 1, 2018. PWSA must adhere to 66 Pa. C. S. § 1103 and corresponding regulations that provide the procedures to obtain a certificate of public convenience. As a new utility regulated by the Commission, PWSA would need, among other requirements, to identify and demonstrate its existing service territory to the same level of detail as required of applicants for new service territory. This includes the Commission's facility mapping requirements, which would require a metes and bounds description, as well as facility maps.

**III. Other**

As previously stated herein, PAWC and PWSA have a long-standing relationship. Due to the duration of the contract, the Commission may not be aware of the December 28, 1973 Agreement between the City of Pittsburgh (City), predecessor to PWSA and Western Pennsylvania Water Company, predecessor to Pennsylvania American (Agreement), which provides for PAWC to issue its bill to PAWC customers and include the City Adjustment which reflects the amount to be paid on behalf of the customer by the City. The amount will be the difference, if any, between the bill calculated on current PAWC rates and a bill calculated on the current water rate schedule of the City, now PWSA. The Agreement provides for the termination of the Agreement by either party by giving written notice six (6) calendar months

prior to the expiration of the current term. It is PAWC's intent to continue to honor the Agreement under the existing terms and conditions. To the extent the Commission may alter the Agreement under a future Order, PAWC reserves the right to exercise its rights under the terms and conditions of the existing Agreement.

#### **IV. Conclusion**

PAWC appreciates the opportunity to comment on the Tentative Implementation Order and ask that the Commission consider its comments. PAWC looks forward to being of assistance to the Commission.

Respectfully submitted,



Susan Simms Marsh, Esquire (PA ID # 44689)  
Deputy General Counsel  
Pennsylvania-American Water Company  
800 West Hersheypark Drive  
Hershey, PA 17033  
Telephone: 717-531-3208  
Facsimile: 717-531-3399  
E-Mail: [susan.marsh@amwater.com](mailto:susan.marsh@amwater.com)

*Counsel for Pennsylvania-American Water Company*

Dated: February 7, 2018