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December 19, 2018

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**RE: Implementation of Chapter 32 of the Public Utility Code Re: Pittsburgh Water and
Sewer Authority
Docket Nos. M-2018-2640802 and M-2018-2640803**

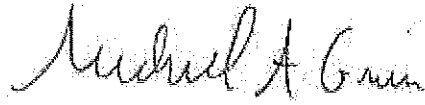
Dear Secretary Chiavetta:

Enclosed for filing on behalf of Pennsylvania-American Water Company is its Prehearing Conference Memorandum in the above-referenced matter. A copy of the Memorandum has been served in accordance with the attached Certificate of Service.

If you have any questions, please feel free to contact me.

Best Regards,

STEVENS & LEE



Michael A. Guin

Enclosure

cc: Administrative Law Judge Mark Hoyer
Administrative Law Judge Conrad Johnson
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Implementation of Chapter 32 of the : Docket Nos. M-2018-2640802 and
Public Utility Code Re. Pittsburgh Water : M-2018-2640803
and Sewer Authority :
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:
:

**PREHEARING CONFERENCE MEMORANDUM
OF PENNSYLVANIA-AMERICAN WATER COMPANY**

Pursuant to 52 Pa. Code §5.22, and the Prehearing Conference Order issued by Administrative Law Judges Mark A. Hoyer and Conrad A. Johnson on December 7, 2018, Pennsylvania-American Water Company (“PAWC”), by and through the undersigned counsel, hereby submits its Prehearing Conference Memorandum in the above-captioned matter.

I. BACKGROUND

On March 15, 2018, the Pennsylvania Public Utility Commission (“Commission”) issued its Final Implementation Order in the *Implementation of Chapter 32 of the Public Utility Code re Pittsburgh Water and Sewer Authority*, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater). Chapter 32 of the Public Utility Code, 66 Pa.C.S. § 3204, requires the Pittsburgh Water and Sewer Authority (“PWSA”) to file a compliance plan which includes provisions to bring PWSA’s existing information technology, accounting, billing, collection and other operating systems and procedures into compliance with the requirements applicable to jurisdictional water and wastewater utilities under the Public Utility Code and applicable rules, regulations and orders of the Commission.

On September 26, 2018, the Commission issued a Secretarial Letter outlining the procedure for the Commission’s review of the PWSA’s Compliance Plan. On September 28, 2018, PWSA

filed its Petition for Approval of its Compliance Plan, pursuant to Section 3204(b) and (c) of the Public Utility Code (66 Pa.C.S. § 3204 (b)). Notice of the filing of PWSA's Compliance Plan was published in the Pennsylvania Bulletin on October 13, 2018.

On October 30, 2018, PAWC filed its Petition to Intervene in the PWSA Compliance Plan proceeding.

By Secretarial Letter issued on November 27, 2018, the Commission assigned this matter to the Office of Administrative Law Judge and outlined a two stage procedure for the litigation of the proceeding. On December 7, 2018, the presiding Administrative Law Judges issued the Prehearing Conference Order for this proceeding.

II. ISSUES AND WITNESSES

Issues

PWSA's Compliance Plan includes provisions related to the December 28, 1973 Agreement between the City of Pittsburgh and Western Pennsylvania Water Company, predecessor to PAWC, which provides for PAWC to issue its bill to PAWC customers and include an adjustment for customers who reside in the City of Pittsburgh. The amount of the adjustment is the difference, if any, between the bill calculated on current PAWC rates and a bill calculated on the current water rate schedule of PWSA. This adjustment is known to customers of PAWC as the "City of Pittsburgh Discount."

PWSA's Compliance Plan proposes to end the City of Pittsburgh Discount in PWSA's next base rate case. Other parties to the proceeding may advocate for a different timeline or process for handling the City of Pittsburgh Discount. PAWC has intervened in this proceeding to protect its interests and the interests of its customers with respect to the City of Pittsburgh Discount, and the ensure that any modifications to the City of Pittsburgh Discount include appropriate notice and implementation processes.

Witnesses

PAWC expects to submit the Testimony of John R. Cox, PAWC's Director of Rates and Regulations, 800 West Hersheypark Drive, Hershey, PA 17033. Mr. Cox is expected to testify regarding the background of the City of Pittsburgh Discount, how the Discount is calculated and presented to customers, and the appropriate notices and procedures that need to be considered in the event that the City of Pittsburgh Discount is modified.

PAWC reserves the right to identify and present the testimony of additional witnesses, as necessary, depending on the additional issues raised by other parties to the proceeding.

III. SERVICE OF DOCUMENTS

PAWC's attorneys in this proceeding are:

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PAWC's attorneys are authorized to receive all notices and communications regarding this proceeding.

IV. PROPOSED PROCEDURAL SCHEDULE

The procedural schedule proposed by the Bureau of Investigation and Enforcement is acceptable to PAWC.

V. DISCOVERY

PAWC will confer with the other parties on proposed modifications to the Commission's procedural rules regarding discovery.

Respectfully submitted,



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December 19, 2018

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing Prehearing Conference Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via First Class U.S. Mail

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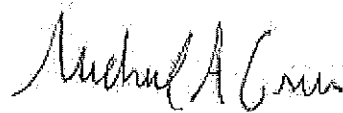
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Dated: December 19, 2018