



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE  
REFER TO OUR FILE

May 13, 2019

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17105

Re: Application of Pennsylvania-American Water Company Pursuant to  
Section 1329 of the Public Utility Code for Approval of its Acquisition of  
the Wastewater System Assets of Exeter Township  
Docket No. A-2018-3004933

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)  
**Prehearing Memorandum and Notice of Appearance for Erika L. McLain** in the  
above-captioned proceeding.

Copies are being served on all active parties of record as evidenced in the attached  
Certificate of Service. If you have any questions, please do not hesitate to contact me at  
(717) 783-6170.

Sincerely,

A handwritten signature in black ink that reads "Erika L. McLain". The signature is fluid and cursive, with a long horizontal stroke at the end.

Erika L. McLain

Prosecutor

Bureau of Investigation and Enforcement

PA Attorney ID No. 320526

ELM/ac  
Enclosure

cc: Hon. Andrew M. Calvelli (ALJ, PUC Harrisburg)  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American :  
Water Company Pursuant to Section 1329 :  
of The Public Utility Code for Approval : Docket No. A-2018-3004933  
of its Acquisition of the Wastewater :  
System Assets of Exeter Township :

**PREHEARING MEMORANDUM OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT**

**TO ADMINISTRATIVE LAW JUDGE ANDREW M. CALVELLI:**

In accordance with the Prehearing Conference Order dated April 22, 2019, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutor assigned to this proceeding is Erika L. McLain. Ms. McLain may be contacted as follows:

By Mail: Erika L. McLain  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

By e-mail: [ermclain@pa.gov](mailto:ermclain@pa.gov)

Telephone: (717) 783-6170  
FAX: (717) 772-2677

**I. BACKGROUND**

On December 5, 2019, Pennsylvania-American Water Company (“PAWC”) filed its Amended Application for approval of, inter alia,: 1) the acquisition of the wastewater system assets of Exeter Township (“Exeter”) situated within Berks County, Pennsylvania,

2) the right of PAWC to begin to offer, render, furnish and supply wastewater service to the public in Exeter's service territory, and 3) for an order approving the acquisition that includes the ratemaking rate base of Exeter's wastewater system assets pursuant to Section 1329(c)(2) of the Public Utility Code.

On December 14, 2018, the Office of Consumer Advocate ("OCA") filed a Petition to Reject or Hold in Abeyance Acceptance of PAWC's Application. On December 20, 2019, I&E filed a Motion to Reject or Hold in Abeyance PAWC's Application. On December 28, 2018, Exeter Township filed a Petition to Intervene. On January 7, 2019 the Borough of St. Lawrence filed a Petition to Intervene.

On February 8, 2019, Secretarial Letters were issued to I&E, OCA, PAWC, and Exeter indicating that while the Commission acknowledged receipt of the OCA's Petition, I&E's Motion, and Answers to both the Petition and Motion, the docket was currently inactive.

By Secretarial Letter dated April 16, 2019, the Commission acknowledged receipt of the Application of PAWC.

A Prehearing Conference is now scheduled for Friday, May 17, 2019, at 11:00 a.m., before Administrative Law Judge Andrew M. Calvelli ("ALJ Calvelli"). In accordance with the Prehearing Conference Order issued by ALJ Calvelli on April 22, 2019, I&E now respectfully submits this prehearing memorandum.

## II. ISSUES

Based upon a preliminary review of the filing, I&E has identified the following area of inquiry, representing a listing of potential issues at this time. However, I&E reserves the right to address such other issues when those issues arise:

- Whether the transaction is in the public interest under 66 Pa. C.S. § 1102 of the Public Utility Code;
- Evaluation of PAWC's claimed rate base;
- Errors and omissions in the Fair Market Appraisals offered in support of PAWC's Application;
- Ratemaking issues implicated by the acquisition; and
- Benefits and detriments of the acquisition.

Most of the issues raised by I&E will be supported by the Direct Testimony of I&E witnesses. If there are issues of Commission policy or legal interpretation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony, I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

## III. WITNESSES

It is currently expected that I&E may call one or both the following witnesses, depending upon their availability and the development of issues, without being limited thereto:

Joseph Kubas	Fixed Utility Valuation Engineer
Anthony Spadaccio	Fixed Utility Financial Analyst

The I&E witnesses may be contacted through the contact information listed above for Ms. McLain. I&E reserves the right to substitute witnesses or call additional

witnesses if warranted.<sup>1</sup> All active parties will be notified of any amendments to the I&E witness list.

#### IV. SCHEDULE

The ALJ proposed a procedural schedule in the Prehearing Conference Order, however the parties propose the following alternate procedural schedule:

Non-Company Direct	June 7, 2019
Rebuttal	June 18, 2019
Surrebuttal	June 26, 2019
Hearings <sup>2</sup>	June 27-28, 2019
Main Briefs	July 10, 2019
Reply Briefs	July 18, 2019

#### V. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of Smart Hearings where possible.

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<sup>1</sup> The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

<sup>2</sup> Consistent with Section 3.1(c) of the Commission's Office of Administrative Law Judge Operating Procedures Manual (Scheduling/Assignment Procedures), I&E requests that the hearings be held in Harrisburg.

## VI. DISCOVERY

On April 22, 2019, ALJ Calvelli issued a Prehearing Order modifying the Commission's regulations regarding discovery. The modifications are as follows:

- a. Answers to written interrogatories shall be served in-hand within five (5) calendar days of service.
- b. Objections to interrogatories shall be communicated orally within two (2) calendar days and in writing within three (3) calendar days of service of the interrogatories.
- c. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within two (2) calendar days of service of the written objections.
- d. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within two (2) calendar days of service of such motions.
- e. Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within five (5) calendar days.
- f. Requests for admissions will be deemed admitted unless answered or denied within three (3) calendar days of service.
- g. Discovery and all discovery-related pleadings, such as objections, motions or answers, served after 12:00 noon on a Friday or after 12:00 noon the day before a holiday recognized by the Commission will be deemed to have been served on the following business day for purposes of tracking due dates.

## VII. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Erika L. McLain", followed by a horizontal line extending to the right.

Erika L. McLain

Prosecutor

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission

Dated: May 13, 2019

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Water Company Pursuant to Section 1329 :  
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its Acquisition of the Wastewater System :  
Assets of Exeter Township :

**NOTICE OF APPEARANCE**

Please enter the appearance of the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission in the above-captioned proceeding.

A copy of all correspondence and notices, documents, orders or other communications with respect to the above-captioned proceeding should be addressed to the following:

Erika L. McLain, Esquire  
[ermclain@pa.gov](mailto:ermclain@pa.gov)  
PA Attorney I.D. No. 320526  
PA Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
(717) 783-6170



Richard A. Kanaskie  
Chief Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. No. 80409

Dated: May 13, 2019



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American :  
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Assets of Exeter Township :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum and Notice of Appearance for Erika L. McLain** dated May 13, 2019, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

**Served via First Class and Electronic Mail**

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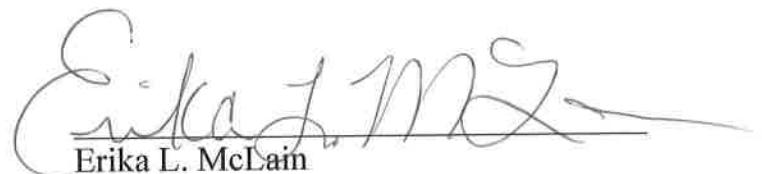
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