



COMMONWEALTH OF PENNSYLVANIA

May 15, 2019

E-FILED

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

Re: Application and related filings of Pennsylvania-American Water Company Sections 507, 1102(a), and 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 507, 1102(a), 1329, for approval of its acquisition of water system assets of the Steelton Borough Authority, related water service rights, fair market valuation ratemaking treatment, deferral of the post-acquisition improvement costs, and certain contract with municipal corporations / Docket No. A-2019-3006880

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceeding. I respectfully request that a copy of any documents filed in this case also be shared with our witness at the address below:

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720 T
St. Louis, MO 63105
excel.consulting@sbcglobal.net

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Enclosures

cc: Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|----------------------------------|
| Application and related filings of | : | |
| Pennsylvania-American Water Company | : | |
| Sections 507, 1102(a), and 1329 of the | : | |
| Pennsylvania Public Utility Code, 66 Pa. | : | |
| C.S. §§ 507, 1102(a), 1329, for approval of | : | |
| its acquisition of water system assets of the | : | Docket No. A-2019-3006880 |
| Steelton Borough Authority, related water | : | |
| service rights, fair market valuation | : | |
| ratemaking treatment, deferral of the post- | : | |
| acquisition improvement costs, and certain | : | |
| contract with municipal corporations | : | |

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Erin K. Fure. Please address all correspondence in this matter as follows:

Erin K. Fure
Assistant Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
efure@pa.gov

II. FILING BACKGROUND

On January 2, 2019, Pennsylvania American Water Company (“PAWC” or the “Company”) filed an Application for approval of the transfer, by sale, of substantially all of Steelton Borough Authority’s assets, properties and rights related to its water system to PAWC. The Application was conditionally accepted by the Commission. Steelton Borough Authority filed a Petition to Intervene on January 22, 2019. The Commission’s Bureau of Investigation and Enforcement (“I&E”) filed its Notice of Appearance on January 23, 2019. On February 5, 2019, the Office of Consumer Advocate (“OCA”) filed a Protest and Public Statement. On February 6, 2019, the OSBA filed a Notice of Appearance, Notice of Intervention, and Public Statement.

PAWC filed an Amended Application on February 19, 2019 in which it included a *pro forma* tariff adopting rates equal to the rates of the selling entity at the time of the acquisition pursuant to Section 1329(d)(1)(v) of the Public Utility Code, 66 Pa. C.S. § 1329(d)(1)(v). On April 16, 2019, the Commission issued a Secretarial Letter accepting PAWC’s Application for filing. By Order dated April 19, 2019, a prehearing conference was scheduled for May 17, 2019.

III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720 T
St. Louis, MO 63105
(314) 725-2511
(314) 725-2022 – Fax
excel.consulting@sbcglobal.net

The OSBA will participate in the case to assure that the interests of small business customers of PAWC and Steelton Borough Authority are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through cross-examination of witnesses appearing for those parties and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the small business consumers would be unjustifiably different than or disproportionate to the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The Application raises issues of concern, relative to rates for acquired customers, following the closing of the proposed acquisition, that may require the Commission to reject the proposed acquisition or to approve it only after imposing conditions. The OSBA submits that further information is required to determine the impact on small business customers.

The OSBA reserves the right to pursue additional issues after reviewing the testimony of the parties and as issues arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date¹ as satisfying the in-hand requirement, provided that such documents are followed by hard copy delivery to OSBA. Hard copy delivery may be accomplished by first class mail, by personal hand delivery, or by overnight courier.² Service by electronic mail

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

² See 52 Pa. Code §§ 1.54(b)(1), 1.54(b)(2), and 1.56(a)(2). Regarding the *perfection of service*, the OSBA respectfully submits that 52 Pa. Code § 1.56(a)(2), as currently written, does not satisfy the requirements of due process.

only is not sufficient. The OSBA requests that such hard copies are also provided to its witness identified above.

In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witnesses identified above.

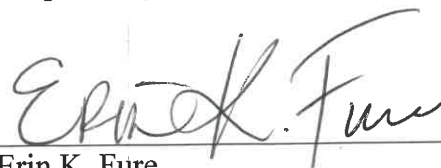
V. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VI. HEARING AND BRIEFING SCHEDULE

The OSBA will continue to cooperate with other parties to develop a mutually acceptable procedural schedule.

Respectfully submitted,



Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Dated: May 15, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application and related filings of :
Pennsylvania-American Water Company :
Sections 507, 1102(a), and 1329 of the :
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Steelton Borough Authority, related water :
service rights, fair market valuation :
ratemaking treatment, deferral of the post- :
acquisition improvement costs, and certain :
contract with municipal corporations :

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Steven K. Haas
The Honorable Benjamin J. Myers
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
sthaas@pa.gov
benmyers@pa.gov
(Email and Hand Delivery)

Erin L. Gannon, Esquire
Christine Maloni Hoover, Esquire
Harrison W. Breitman, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101
EGannon@paoca.org
CHoover@paoca.org
HBreitman@paoca.org
(Counsel for OCA)
(Email and Hand Delivery)

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
sgranger@pa.gov
(Counsel for BIE)
(Email and Hand Delivery)

Susan Simms Marsh, Esquire
Elizabeth Rose Triscari, Esquire
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
elizabeth.triscari@amwater.com
susan.marsh@amwater.com
(Counsel for PAWC)

Kathy L. Pape, Esquire
Adeolu A. Bakare, Esquire
Alessandra L. Hylander, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108
kpape@mcneeslaw.com
abakare@mcneeslaw.com
ahylander@mcneeslaw.com
(Counsel for Steelton)

DATE: May 15, 2019

A handwritten signature in black ink that reads "Erin K. Fure". The signature is written in a cursive style with a horizontal line underneath it.

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245