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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



June 12, 2019

VIA E-FILE

Jonathan P. Nase

Direct Phone 717-773-4191

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jnase@cozen.com

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

Re: Application of Pennsylvania-American Water Company under Sections 507, 1102 and 1329 of the Public Utility Code for approval of its acquisition of wastewater system assets of Exeter Township; Docket No. A-2018-3004933

PENNSYLVANIA-AMERICAN WATER COMPANY'S MOTION TO DISMISS THE OBJECTIONS OF THE BUREAU OF INVESTIGATION AND ENFORCEMENT

Dear Secretary Chiavetta:

Enclosed please find **Pennsylvania-American Water Company's Motion to Dismiss the Objections of the Bureau of Investigation and Enforcement**, in the above-referenced caption. Copies have been served in accordance with the enclosed certificate of service.

Please feel free to contact me should you have any questions concerning the enclosed.

Sincerely,

COZEN O'CONNOR

A handwritten signature in cursive script that reads "Jonathan P. Nase".

By: Jonathan P. Nase

Counsel for *Pennsylvania-American Water Company*

JPN:kmg
Enclosure

cc: Per Certificate of Service
Susan Simms Marsh, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water :
Company under Section 507, 1102 and 1329 of the : Docket Nos. A-2018-3004933 *et al.*
Public Utility Code for Approval of its Acquisition :
Of Wastewater System Assets of Exeter Township :

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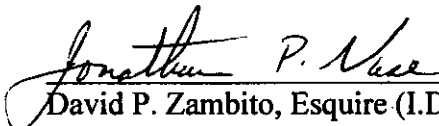
JUN 12 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

NOTICE TO PLEAD

TO: Parties at Docket Nos. A-2018-3004933 *et al.*

Pursuant to 52 Pa. Code § 5.342 and the Scheduling Order issued by Administrative Law Judge Andrew M. Calvelli (the "ALJ") on May 28, 2019, you are hereby notified that Pennsylvania-American Water Company ("PAWC") has filed a Motion to Dismiss the Objections of the Bureau of Investigation and Enforcement ("Motion") at the above-referenced docket to which you may file an answer within two (2) calendar days. Your failure to answer will allow the ALJ to rule on the Motion without a response from you, thereby requiring no other proof. All pleadings such as an Answer to this Motion must be filed with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the undersigned counsel for PAWC.



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Susan Simms Marsh, Esq.
Deputy General Counsel
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

Dated: June 12, 2019

Counsel for Pennsylvania-American Water
Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Andrew M. Calvelli

Application of Pennsylvania-American Water :
Company under Section 507, 1102 and 1329 of the : Docket Nos. A-2018-3004933 *et al.*
Public Utility Code for Approval of its Acquisition :
Of Wastewater System Assets of Exeter Township :

**MOTION OF PENNSYLVANIA-AMERICAN WATER COMPANY
TO DISMISS THE OBJECTIONS OF
THE BUREAU OF INVESTIGATION AND ENFORCEMENT**

AND NOW COMES Pennsylvania-American Water Company (“PAWC” or the “Company”), by and through its attorneys, pursuant to 52 Pa. Code § 5.342 and the Scheduling Order issued by Administrative Law Judge Andrew M. Calvelli (the “ALJ”) on May 28, 2019, to file this Motion (“Motion”) to dismiss the objections of the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), and to compel I&E to answer certain interrogatories propounded by PAWC. Specifically, I&E objected to Interrogatories 1, 10 and 11 in Pennsylvania-American Water Company’s Interrogatories and Requests for Documents Propounded on the Bureau of Investigation and Enforcement – Set I (“Set I”). PAWC respectfully requests that the ALJ compel I&E to answer Interrogatories 1, 10 and 11.

In support whereof, PAWC states as follows:

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SECRETARY'S BUREAU

I. BACKGROUND

1. PAWC and Exeter entered into an agreement by which PAWC will purchase the wastewater system (the "System") presently owned by Exeter (the "Transaction"). On September 25, 2018, PAWC filed the instant application asking the Commission to approve the Transaction pursuant to 66 Pa. C.S. §§ 1102 and 1329 (the "Section 1329 Application Proceeding"). By Secretarial Letter dated October 1, 2018, the Commission notified PAWC that the Section 1329 Application was not accepted for filing purposes because, in the opinion of Commission staff, the Application was incomplete.

2. On December 5, 2018, PAWC filed an Amended Section 1329 Application with the Commission. On December 19, 2018, the Commission notified PAWC that the Section 1329 Application had been conditionally accepted for filing. According to that Secretarial Letter, the Commission would not accept the Section 1329 Application until PAWC complied with certain customer notice requirements.

3. On March 8, 2019, PAWC notified the Commission that PAWC would shortly begin giving the required customer notices. On April 15, 2019, PAWC filed a verification stating that it had complied with all required customer notices. Consequently, on April 16, 2019, the Commission issued a Secretarial Letter accepting the Amended Application for filing.

4. On June 6, 2019, PAWC served I&E with Set I. A true and correct copy of this discovery is attached as **Appendix A**.

5. As required by the Scheduling Order entered May 28, 2019, on Thursday, June 6, counsel for I&E contacted counsel for PAWC to orally object to Interrogatories 1, 10 and 11. Counsel were unable to resolve the dispute.

6. On June 10, 2019, I&E served its Interrogatory Responses, including the objections to Interrogatories 1, 10 and 11. A true and correct copy is attached as **Appendix B**.

II. LEGAL STANDARD

7. Under the Commission's regulations, a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action. 52 Pa. Code § 5.321(c). It is not ground for objection that the information sought will be inadmissible at hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence. *Id.* The Commission applies the relevancy test liberally. *See Pennsylvania Public Utility Commission v. The Peoples Natural Gas Company*, 62 Pa. PUC 56 (Aug. 26, 1986). Not only is the relevancy test liberally applied, but any doubts regarding the relevancy of subject matter should be resolved in favor of relevancy. *Koken v. One Beacon Ins. Co.*, 911 A.2d 1021, 1025 (Pa. Cmwlth. 2006). The burden of proof lies with the party challenging the relevance of discovery. *Id.*

III. THE ALJ SHOULD DISMISS THE OBJECTIONS AND COMPEL ANSWERS

8. I&E objected to Interrogatory No. 1:

PAWC-I&E-I-1: Please provide a copy of all e-mails and other written communication between I&E and the Office of Consumer Advocate regarding the fair market valuation of the Exeter Township wastewater system.

Response: Objection. I&E objects to PAWC-I&E-I-1 to the extent that PAWC's use of "I&E" includes an intent to inquire about I&E counsel's mental impressions, conclusions, opinions or legal theories which constitute attorney work product and which are beyond the scope of permissible discovery pursuant to 52 Pa. Code § 5.323(a). Additionally, I&E objects to PAWC-I&E-I-1 to the extent that a response would encompass I&E witnesses' mental impressions, conclusions or opinions respecting the value or merit of a claim or defense or respecting strategy, tactics or preliminary or draft versions of written testimony or exhibits, which are also not discoverable pursuant to 52 Pa. Code § 5.323(a).

Without waiving the above objections, and any subsequent arguments in support of the objections that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

See attached Exhibit A.

9. It is PAWC's understanding that Exhibit A is a comprehensive response to Interrogatory 1. Nevertheless, I&E's objection is not moot; Interrogatory 1 is a continuing interrogatory. Therefore, the ALJ should overrule the objection at this time and order I&E to turn over any subsequent communications between it and the Office of Consumer Advocate ("OCA").

10. I&E is the Commission's prosecutory bureau whereas the OCA is a statutory agency within the Office of Attorney General. The OCA is not the client of the I&E's attorneys, nor is I&E the client of OCA's attorneys. PAWC respectfully submits that an attorney's mental impressions, conclusions, or legal theories, when shared with a third party, are not privileged. Additionally, communications of a witnesses' mental impressions and opinions, when shared with another party, are not privileged. Communications between counsel for two unrelated parties, or between witnesses of two unrelated parties, may be admissible evidence themselves, or they may lead to the discovery of admissible evidence. Consequently, such communications are within the scope of permissible discovery.

11. I&E has not produced, nor has it even alleged, that it has a community of interest agreement with OCA. PAWC respectfully submits that I&E and the OCA cannot have a community of interest because they represent different interests. I&E represents the public interest in ratemaking and service matters, and enforcing compliance with the Pennsylvania Public Utility Code ("Code"), Commission regulations and orders. *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11,

Faint, illegible text, possibly bleed-through from the reverse side of the page. The text is too light to transcribe accurately.

2011). The OCA, in contrast, represents the interests of consumers before the Commission. 71

P.S. § 309-2. The ALJ should overrule the objection and compel I&E to answer the interrogatory.

12. I&E objected to Interrogatory No. 10:

PAWC-I&E-I-10: Please provide any correspondence between I&E and the Commission's Bureau of Technical Utility Services regarding this proceeding.

Response: Objection. PAWC-I&E-I-11 [sic] seeks information that is outside the scope of permissible discovery in this proceeding. Specifically, while the Commission regulation that defines the scope of permissible discovery, 52. [sic] Pa. Code §5.321(c) explains that a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in a pending action, by way of 52. [sic] Pa. Code §5.321(e), an express exception is made for discovery sought of the Commissioners or Commission staff serving in an advisory or adjudicatory capacity. Therefore, as the Commission's Bureau of Technical Utility Services ("TUS") serves as the Commission's technical advisory bureau, serving the Commissioners in an advisory capacity in this proceeding, its communications are not discoverable in this case.

Without waiving the above objections, and any subsequent arguments in support of the objection that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

See attached Exhibit A.

13. It PAWC's understanding that Exhibit A is a comprehensive response to Interrogatory 10. Nevertheless, I&E's objection is not moot; Interrogatory 10 is a continuing interrogatory. Therefore, the ALJ should overrule the objection at this time and order I&E to turn over any communications between it and the Bureau of Technical Utility Services ("TUS") pertaining to this proceeding.

14. 52 Pa. Code § 5.321(e) prohibits discovery on the Commissioners or the Commissioners' advisory or adjudicatory staff. Interrogatory 10, however, was not discovery on such persons. Interrogatory 10 was directed to the Commission's prosecutory staff. To the extent that prosecutory staff communicates with the Commissioners and the Commissioners' advisory

staff, such communications are not protected by Section 5.321(e). To the contrary, such communications are discoverable because such communications may be admissible or may lead to the discovery of admissible evidence. For example, they may reveal a violation of constitutional rights. *Lyness v. State Board of Medicine*, 529 Pa. 535, 605 A.2d 1204 (1992). The ALJ should overrule the objection and compel the complete disclosure of all communications between I&E and TUS regarding this case.

15. I&E objected to Interrogatory No. 11:

PAWC-I&E-I-11: Please provide any correspondence between I&E and the Commission's Law Bureau regarding this proceeding.

Response: Objection. PAWC-I&E-I-11 seeks information that is outside the scope of permissible discovery in this proceeding. Specifically, while the Commission regulation that defines the scope of permissible discovery, 52. [sic] Pa. Code §5.321(c) explains that a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in a pending action, by way of 52. [sic] Pa. Code §5.321(e), an express exception is made for discovery sought of the Commissioners or Commission staff serving in an advisory or adjudicatory capacity. Therefore, as the Commission's Law Bureau is essentially the Commission's in-house law firm, serving the Commissioners in an advisory capacity in this proceeding, its communications are not discoverable in this case.

Without waiving the above objection, and any subsequent arguments in support of the objection that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

I&E is not in possession of any materials responsive to this request.

16. Although I&E asserts that it is not currently in possession of any materials responsive to Interrogatory 11, the issue is not moot because Interrogatory 11 is a continuing interrogatory. Therefore, the ALJ should overrule the objection at this time and order I&E to turn over any subsequent communications between it and the Law Bureau.

17. 52 Pa. Code § 5.321(e) prohibits discovery on the Commissioners or the Commissioners' advisory or adjudicatory staff. Interrogatory 11, however, was not discovery on

such persons. Interrogatory 11 was directed to the Commission's prosecutory staff. To the extent that prosecutory staff communicates with the Commissioners and the Commissioners' advisory staff, such communications are not protected by Section 5.321(e). To the contrary, such communications are discoverable because such communications may be admissible or may lead to the discovery of admissible evidence. For example, they may reveal a violation of constitutional rights. *Lyness, supra*.

18. I&E is the Commission's independent prosecutory bureau whereas the Law Bureau provides legal counsel to the Commissioners and its advisory staff. The Law Bureau is not the client of I&E's attorneys, nor is I&E the client of Law Bureau's attorneys. Communications between counsel for two unrelated parties may be admissible evidence themselves, or they may lead to the discovery of admissible evidence. Consequently, such communications are within the scope of permissible discovery. The ALJ should overrule the objection and compel the complete disclosure of all communications between I&E and Law Bureau regarding this case.

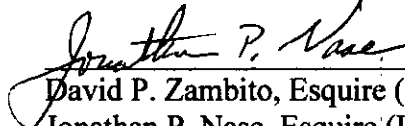
IV. CERTIFICATION

19. The undersigned counsel for PAWC certifies that, on June 12, 2019, he contacted I&E's counsel in a further attempt to resolve I&E's objections. However, counsel were unable to resolve the issue at that time.

V. CONCLUSION

WHEREFORE, for all the foregoing reasons, Administrative Law Judge Andrew M. Calvelli should overrule I&E's objections to Interrogatories 1, 10 and 11 and should compel I&E to expeditiously answer those Interrogatories.

Respectfully submitted,



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Jonathan P. Nase, Esquire (I.D. No. 44003)
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Susan Simms Marsh, Esq.
Deputy General Counsel
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

Dated: June 12, 2019

Counsel for Pennsylvania-American Water
Company

APPENDIX A

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



June 6, 2019

VIA E-FILE AND FIRST CLASS MAIL

David P. Zambito

Direct Phone 717-703-5892

Direct Fax 215-989-4216

dzambito@cozen.com

Erika L. McLain, Esquire
Bureau of Investigation and Enforcement
400 North Street, 2 West
Harrisburg, PA 17120

Re: Application of Pennsylvania-American Water Company under Sections 507, 1102 and 1329 of the Public Utility Code for approval of its acquisition of wastewater system assets of Exeter Township; Docket No. A-2018-3004933

PENNSYLVANIA-AMERICAN WATER COMPANY'S INTERROGATORIES AND REQUESTS FOR DOCUMENTS PROPOUNDED ON THE BUREAU OF INVESTIGATION AND ENFORCEMENT - SET I

Dear Ms. McLain:

Enclosed please find **Pennsylvania-American Water Company's Interrogatories and Requests for Documents Propounded on the Bureau of Investigation and Enforcement - Set I (Nos. 1-11)**, in the above-referenced caption. Copies have been served in accordance with the enclosed certificate of service.

Please feel free to contact me should you have any questions concerning the enclosed.

Sincerely,

COZEN O'CONNOR

By David P. Zambito
Counsel for *Pennsylvania-American Water Company*

DPZ:kmg
Enclosure

cc: Rosemary Chiavetta, Secretary (*Letter and Certificate of Service only*)
Per Certificate of Service
Susan Simms Marsh, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water :
Company under Section 507, 1102 and 1329 of the : Docket No: A-2018-3004933 *et al.*
Public Utility Code for Approval of its Acquisition of :
wastewater system assets of Exeter Township :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **Pennsylvania-American Water Company's Interrogatories and Requests for Documents Propounded on the Bureau of Investigation and Enforcement - Set I (Nos. 1-11)**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL AND FIRST CLASS MAIL

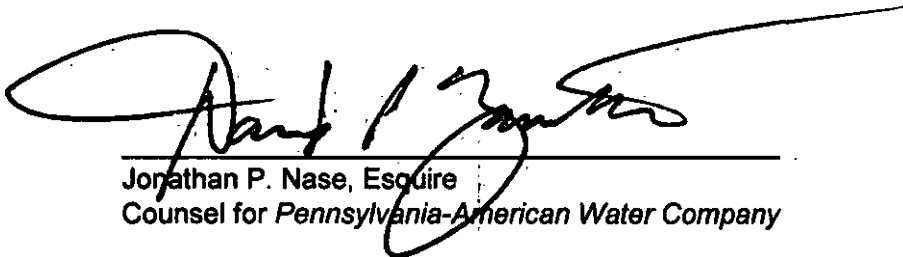
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Counsel for *Exeter Township*

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E-mail: jlondon@kozloffstoudt.com
Counsel for *Borough of St. Lawrence, Berks
County, PA*



Jonathan P. Nase, Esquire
Counsel for *Pennsylvania-American Water Company*

Date: June 6, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Andrew M. Calvelli

Application of Pennsylvania-American Water :
Company under Section 507, 1102 and 1329 of the : Docket Nos. A-2018-3004933 *et al.*
Public Utility Code for Approval of its Acquisition :
Of Wastewater System Assets of Exeter Township :

**Pennsylvania-American Water Company's
Interrogatories and Requests for Documents
Propounded on the Bureau of Investigation
and Enforcement – Set I**

Pursuant to 66 Pa. C.S. § 333 and 52 Pa. Code § 5.341 *et seq.*, Pennsylvania-American Water Company (“PAWC”), by and through the undersigned counsel, hereby propounds its Interrogatories and Requests for Production of Documents upon the Bureau of Investigation and Enforcement (“I&E”) – Set I.

DEFINITIONS

1. The “Responding Party,” “you,” or “your” means the party to which these interrogatories and requests for production of documents are propounded and/or all agents, affiliates, employees, consultants, and representatives acting on behalf of the Responding Party.
2. “Commission” means the Pennsylvania Public Utility Commission.
3. To “identify” a natural person means to state that person’s full name, title or position, employer, last known address, and last known telephone number.
4. To “identify” a business entity means to state the full name of such business, the form of the business, and its location or address.

5. To "identify" a "document" means to provide all of the following information irrespective of whether the document is deemed privileged or subject to any claim of privilege:

- A. The title or other means of identification of each such document;
- B. The date of each such document;
- C. The author, preparer or signer of each such document; and
- D. A description of the subject matter of such document sufficient to permit an understanding of its contents and importance to the testimony or position being examined and the present or last known location of the document. The specific nature of the document should also be stated (e.g., letter, business record, memorandum, computer print-out, etc.).

In lieu of "identifying" any document, it shall be deemed a sufficient compliance with these interrogatories to attach a copy of each such document to the answers hereto and reference said document to the particular interrogatory to which the document is responsive.

6. "Document" means the original and all drafts of all written and graphic matter, however produced or reproduced, of any kind or description, whether or not sent or received, and all copies thereof which are different in any way from the original (whether by interlineation, date-stamp, notarization, indication of copies sent or received, or otherwise), including without limitation, any paper, book, account, photograph, blueprint, drawing, sketch, schematic, agreement, contract, memorandum, press release, circular, advertising material, correspondence, letter, telegram, telex, object, report, opinion, investigation, record, transcript, hearing, meeting, study, notation, working paper, summary, intra-office communication, diary, chart, minutes, index sheet, computer software, computer-generated records or files, however stored, check, check stub, delivery ticket, bill of lading, invoice, record or recording or summary of any telephone or other conversation, or of any interview or of any conference, or any other written, recorded, transcribed, punched, taped, filmed, or graphic matter of which the Responding Party has or has had possession, custody or control, or of which the Responding Party has knowledge.

7. "Communication" means any manner or form of information or message transmission, however produced or reproduced, whether as a document as herein defined, or orally or otherwise, which is made, distributed, or circulated between or among persons, or data storage or processing units.

8. "Date" means the exact day, month, and year, if ascertainable, or if not, the best approximation thereof.

9. "Person" refers to, without limiting the generality of its meaning, every natural person, agent, broker, consultant, corporation, partnership, association (whether formally organized or ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body or agency, or any other group or organization.

10. "PAWC" means Pennsylvania-American Water Company.

11. "I&E" means the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission and includes without limitation any of its staff, employees, counsel, consultants or agents.

INSTRUCTIONS

1. Items referred to in the singular include those in the plural, and items referred to in the plural include those in the singular.

2. Items referred to in the masculine include those in the feminine, and items referred to in the feminine include those in the masculine.

3. The answers provided should first restate the question asked and identify the person(s) supplying the information.

4. In answering the interrogatories, the Responding Party is requested to furnish all information that is available to the Responding Party, including information in the possession of the Responding Party's attorneys, agents, consultants, or investigators, and not merely such information of the Responding Party's own knowledge. If any of the interrogatories cannot be

answered in full after exercising due diligence to secure the requested information, please so state and answer to the extent possible, specifying the Responding Party's inability to answer the remainder, and stating whatever information the Responding Party has concerning the unanswered portions. If the Responding Party's answer is qualified in any particular, please set forth the details of such qualification.

5. If the Responding Party objects to providing any document requested on any ground, identify such document by describing it as set forth in these instructions and definitions and state the basis of the objection.

6. If the Responding Party objects to part of an interrogatory and refuses to answer that part, state the Responding Party's objection and answer the remaining portion of that interrogatory. If the Responding Party objects to the scope or time period of an interrogatory and refuses to answer for that scope or time period, state the Responding Party's objection and answer the interrogatory for the scope or time period that the Responding Party believes is appropriate.

7. If, in connection with an interrogatory, the Responding Party contends that any information, otherwise subject to discovery, is covered by either the attorney-client privilege, the so-called "attorneys' work product doctrine," or any other privilege or doctrine, then specify the general subject matter of the information and the basis to support each such objection.

8. If any information is withheld on grounds of privilege or other protection from disclosure, provide the following information: (a) every person to whom such information has been communicated and from whom such information was learned; (b) the nature and subject matter of the information; and, (c) the basis on which the privilege or other protection from disclosure is claimed.

9. The interrogatories are continuing and the Responding Party is obliged to change, supplement and correct all answers given to conform to new or changing information.

10. The Responding Party should include a verification in accordance with 52 Pa. Code § 1.36.

**Application of Pennsylvania-American Water Company
under Section 507, 1102 and 1329 of the Public Utility Code
for Approval of its Acquisition of wastewater system assets of Exeter Township
Docket Nos. A-2018-3004933 *et al.***

INTERROGATORIES FROM PAWC TO I&E – SET I

1. Please provide a copy of all e-mails and other written communication between I&E and the Office of Consumer Advocate regarding the fair market valuation of the Exeter Township wastewater system.
2. Does I&E believe that the appraisal performed by AUS Consultants, Inc., is not in compliance with the Uniform Standards of Professional Appraisal Practice? Please explain.
3. Does I&E believe that the appraisal performed by Gannett Fleming Valuation and Rate Consultants, LLC is not in compliance with the Uniform Standards of Professional Appraisal Practice? Please explain.
4. Please confirm that Anthony Spadaccio is not a licensed appraiser.
5. Please confirm that Joseph Kubas is not a licensed appraiser.
6. Please provide live, electronic versions of all Excel or other computerized files used by I&E's witnesses in determining the fair market valuation of the Exeter Township wastewater system.
7. Please provide the workpapers supporting the I&E witnesses' determination of the fair market valuation of the Exeter Township wastewater system.
8. Please provide live, electronic versions of all Excel or other computerized files used by I&E's witnesses to assess the anticipated rate impact of PAWC's acquisition of the Exeter Township wastewater system on PAWC legacy customers and new customers resulting from the acquisition.
9. Please provide the workpapers supporting the I&E witnesses' assessment of the anticipated rate impact of PAWC's acquisition of the Exeter Township wastewater system on PAWC legacy customers and new customers resulting from the acquisition.
10. Please provide any correspondence between I&E and the Commission's Bureau of Technical Utility Services regarding this proceeding.
11. Please provide any correspondence between I&E and the Commission's Law Bureau regarding this proceeding.

APPENDIX B

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JUN 12 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 10, 2019

David P. Zambito, Esq.
Jonathan P. Nase, Esq.
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101

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 Mr. Zambito,

Enclosed please find two (2) copies of the Bureau of Investigation & Enforcement's
(I&E) **Interrogatory Responses** for the above-referenced docket:

I&E Interrogatory Responses to PAWC Set I (nos. 1-11).

Copies are being served on all active parties of record per the attached Certificate of
Service. If you have any questions, please contact me at (717) 783-6170.

Sincerely,

Erika L. McLain
Bureau of Investigation & Enforcement
PA Attorney I.D. No. 320526

ELM/seb
Enclosure

cc: Secretary Chiavetta (Cover Letter & COS Only)
Per Certificate of Service

Application of Pennsylvania-American Water Company - Wastewater under Section 507, 1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-1 Please provide a copy of all e-mails and other written communication between I&E and the Office of Consumer Advocate regarding the fair market valuation of the Exeter Township wastewater system.

Response: Objection. I&E objects to PAWC-I&E-I-1 to the extent that PAWC's use of "I&E" includes an intent to inquire about I&E counsel's mental impressions, conclusions, opinions, or legal theories which constitute attorney work product and which are beyond the scope of permissible discovery pursuant to 52 Pa. Code § 5.323(a). Additionally, I&E objects to PAWC-I&E-I-1 to the extent that a response would encompass I&E witnesses' mental impressions, conclusions or opinions respecting the value or merit of a claim or defense or respecting strategy, tactics or preliminary or draft versions of written testimony or exhibits, which are also not discoverable pursuant to 52 Pa. Code § 5.323(a).

Without waiving the above objections, and any subsequent arguments in support of the objections that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

See attached Exhibit A.

Respondents: Erika McLain, Esq,
Anthony Spadaccio
Joseph Kubas

Application of Pennsylvania-American Water Company - Wastewater under Section 507, 1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-2 Does I&E believe that the appraisal performed by AUS Consultants, Inc., is not in compliance with the Uniform Standards of Professional Appraisal Practice? Please explain.

Response: Objection. I&E objects to PAWC-I&E-I-2 to the extent that PAWC's use of "I&E" includes an intent to inquire about I&E counsel's mental impressions, conclusions, opinions, or legal theories which constitute attorney work product and which are beyond the scope of permissible discovery pursuant to 52 Pa. Code § 5.323(a).

Without waiving the above objection, and any subsequent arguments in support of the objection that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

I&E witnesses have not made a final determination. To date, I&E's witnesses have not identified any instances of non-compliance in the appraisal performed by AUS Consultants, Inc. However, I&E is still reviewing the direct testimony that supports the appraisal. Additionally, I&E is continuing its ongoing review discovery information that has recently been received. Therefore, I&E reserves the right to address any issues of non-compliance that may be identified as the discovery process continues and as this proceeding progresses.

Respondent: Erika McLain, Esq.
Anthony Spadaccio
Joseph Kubas

Application of Pennsylvania-American Water Company - Wastewater under Section 507, 1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-3 Does I&E believe that the appraisal performed by Gannett Fleming Valuation and Rate Consultants, LLC is not in compliance with the Uniform Standards of Professional Appraisal Practice? Please explain.

Response: Objection. I&E objects to PAWC-I&E-I-3 to the extent that PAWC's use of "I&E" includes an intent to inquire about I&E counsel's mental impressions, conclusions, opinions, or legal theories which constitute attorney work product and which are beyond the scope of permissible discovery pursuant to 52 Pa. Code § 5.323(a).

Without waiving the above objection, and any subsequent arguments in support of the objection that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

I&E witnesses have not made a final determination. To date, I&E's witnesses have not identified any instances of non-compliance in the appraisal performed by Gannett Fleming Valuation and Rate Consultants, LLC. However, I&E is still reviewing the direct testimony that supports the appraisal. Additionally, I&E is continuing its ongoing review discovery information that has recently been received. Therefore, I&E reserves the right to address any issues of non-compliance that may be identified as the discovery process continues and as this proceeding progresses.

Respondent: Erika McLain, Esq.
Anthony Spadaccio
Joseph Kubas

**Application of Pennsylvania-American Water Company - Wastewater under Section 507,
1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of
the Wastewater System Assets of Exeter Township**

Docket No. A-2018-3004933 et al.

**Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company**

PAWC-I&E-I-4 Please confirm that Anthony Spadaccio is not a licensed
appraiser.

Response: Mr. Spadaccio is not a licensed appraiser, nor has he offered a
fair market value appraisal in this proceeding.

Respondent: Anthony Spadaccio

**Application of Pennsylvania-American Water Company - Wastewater under Section 507,
1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of
the Wastewater System Assets of Exeter Township**

Docket No. A-2018-3004933 et al.

**Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company**

PAWC-I&E-I-5 Please confirm that Joseph Kubas is not a licensed appraiser.

Response: Mr. Kubas is not a licensed appraiser, nor has he offered a
fair market value appraisal in this proceeding.

Respondent: Joseph Kubas

Application of Pennsylvania-American Water Company - Wastewater under Section 507,
1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of
the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-6 Please provide live, electronic versions of all Excel or other
computerized files used by I&E's witnesses in determining
the fair market valuation of the Exeter Township wastewater
system.

Response: Not applicable, as neither I&E witness has used any such
workpapers responsive to this request, other than those
provided by PAWC through its filing, which are already in
PAWC's possession.

Respondent: Joseph Kubas
Anthony Spadaccio

Application of Pennsylvania-American Water Company - Wastewater under Section 507,
1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of
the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-7 Please provide the workpapers supporting the I&E witnesses'
determination of the fair market valuation of the Exeter
Township wastewater system.

Response: Not applicable, as neither I&E witness has relied upon any
such workpapers responsive to this request, other than those
provided by PAWC through its filing, which are already in
PAWC's possession.

Respondent: Joseph Kubas
Anthony Spadaccio

Application of Pennsylvania-American Water Company - Wastewater under Section 507,
1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of
the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-8 Please provide live, electronic versions of all Excel or other computerized files used by I&E's witnesses to assess the anticipated rate impact of PAWC's acquisition of the Exeter Township wastewater system on PAWC legacy customers and new customers resulting from the acquisition.

Response: See attached Exhibit B.

Respondent: Joseph Kubas
Anthony Spadaccio

Application of Pennsylvania-American Water Company - Wastewater under Section 507, 1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-9 Please provide the workpapers supporting the I&E witnesses' assessment of the anticipated rate impact of PAWC's acquisition of the Exeter Township wastewater system on PAWC legacy customers and new customers resulting from the acquisition.

Response: See attached Exhibit B.

Respondent: Joseph Kubas
Anthony Spadaccio

Application of Pennsylvania-American Water Company - Wastewater under Section 507, 1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-10 Please provide any correspondence between I&E and the Commission's Bureau of Technical Utility Services regarding this proceeding.

Response: Objection. PAWC-I&E-I-11 seeks information that is outside the scope of permissible discovery in this proceeding. Specifically, while the Commission regulation that defines the scope of permissible discovery, 52. Pa. Code §5.321(c) explains that a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in a pending action, by way of 52. Pa. Code §5.321(e), an express exception is made for discovery sought of the Commissioners or Commission staff serving in an advisory or adjudicatory capacity. Therefore, as the Commission's Bureau of Technical Utility Services ("TUS") serves as the Commission's technical advisory bureau, serving the Commissioners in an advisory capacity in this proceeding, its communications are not discoverable in this case.

Without waiving the above objection, and any subsequent arguments in support of the objection that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

See attached Exhibit A.

Respondent: Erika McLain, Esq.
Joseph Kubas
Anthony Spadaccio

Application of Pennsylvania-American Water Company - Wastewater under Section 507, 1102, and 1329 of the Pennsylvania Public Utility Code, for approval of its Acquisition Of the Wastewater System Assets of Exeter Township

Docket No. A-2018-3004933 et al.

Responses of the Bureau of Investigation and Enforcement
to Pennsylvania-American Water Company

PAWC-I&E-I-11 Please provide any correspondence between I&E and the Commission's Law Bureau regarding this proceeding.

Response: Objection. PAWC-I&E-I-11 seeks information that is outside the scope of permissible discovery in this proceeding. Specifically, while the Commission regulation that defines the scope of permissible discovery, 52 Pa. Code §5.321(c) explains that a party may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in a pending action, by way of 52 Pa. Code §5.321(e), an express exception is made for discovery sought of the Commissioners or Commission staff serving in an advisory or adjudicatory capacity. Therefore, as the Commission's Law Bureau is essentially the Commission's in-house law firm, serving the Commissioners in an advisory capacity in this proceeding, its communications are not discoverable in this case.

Without waiving the above objection, and any subsequent arguments in support of the objection that I&E might make either prior to or during hearings, through briefing, or otherwise, I&E provides the response below in the interest of avoiding delay in this expedited proceeding.

I&E is not in possession of any materials responsive to this request.

Respondent: Erika McLain, Esq.
Joseph Kubas
Anthony Spadaccio

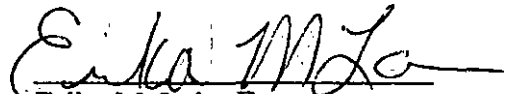
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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 :

VERIFICATION

I, Erika McLain, Esq., hereby state that the fact set forth in my foregoing responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at any hearing. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

6/10/19
Date


Erika McLain, Esq.

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 :

VERIFICATION

I, Joseph Kubas, hereby state that the fact set forth in my foregoing responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at any hearing. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

6/10/19
Date

Joseph Kubas
Joseph Kubas

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 :

VERIFICATION

I, Anthony Spadaccio, hereby state that the fact set forth in my foregoing responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at any hearing. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

6/10/2019
Date


Anthony Spadaccio

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JUN 12 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Exhibit A

Spadaccio, Anthony

From: Everette, Ashley <AEverette@paoca.org>
Sent: Wednesday, April 17, 2019 9:26 AM
To: Spadaccio, Anthony
Subject: RE: [External] RE: Exeter Question

No problem. It would be helpful if the appraisals were more clearly organized, for sure.

Ashley

From: Spadaccio, Anthony [mailto:aspadaccio@pa.gov]
Sent: Wednesday, April 17, 2019 9:19 AM
To: Everette, Ashley <AEverette@paoca.org>
Subject: RE: [External] RE: Exeter Question

Yes, I am seeing the labels as you have described below...like "Ex 15". I appreciate your insight and rough breakdown of the exhibits. I didn't want to spend all the extra time navigating and organizing if a table of contents did in fact exist.

Thanks!

Tony

From: Everette, Ashley <AEverette@paoca.org>
Sent: Wednesday, April 17, 2019 9:10 AM
To: Spadaccio, Anthony <aspadaccio@pa.gov>
Subject: [External] RE: Exeter Question

ATTENTION: *This email message is from an external sender. Do not open links or attachments from unknown sources. To report suspicious email, forward the message as an attachment to CWOPA_SPAM@pa.gov.*

I don't think you are missing anything. The Gannett Fleming spreadsheets are especially hard to navigate because they break every single page into a separate spreadsheet. I generally end up combining the spreadsheets and linking them in order to navigate them better.

Are the sheets you have labeled, for example, "Ex 15" and "Ex 17 pg 1"? That is the way they come from GF. The best advice I have is that if you have the PDF of the appraisal, it is easier to tell from the exhibits in the PDF what spreadsheets will you have what information. Once you figure out what you want to look at, then go find the spreadsheet so you have the underlying calculations.

Here's my rough breakdown of which exhibits apply to which:

1-6: may apply to all
7-12: cost approach
13-15: income approach
16-17: market approach
18: summary

From: Spadaccio, Anthony [mailto:aspadaccio@pa.gov]
Sent: Wednesday, April 17, 2019 8:57 AM
To: Everette, Ashley <AEverette@paoca.org>
Subject: Exeter Question

Hi Ashley,

I have what is probably a dumb question in regards to the Gannett Fleming appraisal. Do you know where, if one exists, a table of contents or reference guide for the appraisal would be? The AUS files are clearly labeled by the different approaches, the APA, the narrative, etc.... However, the GF appraisal, as far as I can tell is just a bunch of unlabeled spreadsheets. I'm just looking for something that will speed up my navigating through these spreadsheets. Joe is having the same issue, so are we missing something obvious?

Thanks,

Tony Spadaccio, CRRRA

Fixed Utility Financial Analyst
Bureau of Investigation & Enforcement
PA Public Utility Commission
Phone: (717) 425-7586

OCA Confidentiality Notice: This e-mail and any attachments are intended solely for the exclusive and confidential use of the sender and intended recipient(s). If you have received this e-mail in error, please do not review, transmit, convert to hard copy, copy, use or disseminate this e-mail or any attachments to it. Please notify the sender by return e-mail and delete this message, any attachments, and all copies from your system immediately. Thank you.

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Kubas, Joseph

From: McKinley, Clinton
Sent: Tuesday, October 02, 2018 7:46 AM
To: Landis, Victor
Cc: Ammon, Erick; Donnelly, Sean; 'Hoover, Christine Maloni'; 'AEverette@paoca.org'; Evans, John; Kubas, Joseph; Wilson, Christine S; Cumings, William; Gumby, Lisa
Subject: RE: PA American - Exeter Twp

Victor,

Thank you for the information and your quick response. I'm forwarding this to the parties copied on the original request.

Thanks again,

Clint McKinley

From: Landis, Victor
Sent: Monday, October 01, 2018 10:45 AM
To: McKinley, Clinton <cmckinley@pa.gov>
Cc: Ammon, Erick <eammon@pa.gov>
Subject: PA American - Exeter Twp

Clinton,

In regards to Exeter:

Within the last five calendar years, Exeter has reported the following violations:

- o Eight Sanitary Sewer Overflows within the Exeter Township Sanitary Sewer Collection and Conveyance System (SSCS) to waters of the Commonwealth,
- o Three unpermitted discharges of raw sewage from Wastewater Treatment Plant (WWTP) units to waters of the Commonwealth due to Operation & Maintenance issues,
- o Two unpermitted discharges of raw sewage from SSCS sewage pumping stations to the surface of the ground and to waters of the Commonwealth due to Operation & Maintenance issues,
- o A spill of sewage sludge from a sludge hauler truck to the WWTP stormwater system,
- o An incident where the WWTP failed to disinfect its final effluent discharge to waters of the Commonwealth for an estimated 27 hours (~4.4 MGD). Failed to properly notify Department,
- o An incident where a contractor with an approved PA One Call excavated and struck the WWTP main influent interceptor pipe, causing a discharge of raw sewage to the surface of the ground.

The SCRO Clean Water Program proposes to resolve these violations with a Consent Assessment of Civil Penalty (CACP). A draft CACP with penalty offer should go out within the next 30 days. We would like to have this wrapped up by December 1, 2018.

The SCRO does not currently have any pending actions or outstanding complaints against PA American – Wastewater division.

Contact me with any additional questions.

Victor H. Landis | Environmental Group Manager
Department of Environmental Protection
Southcentral Regional Office
909 Elmerton Avenue | Harrisburg, PA 17110
Phone: 717.705.4772 | Fax: 717.705.4760
24-Hour Emergency Response: 866-825-0208
www.depweb.state.pa.us

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Exhibit B

Residential

	2018	Increase	2019	
Quarterly Minimum Charge	\$24.65	\$7.15	\$31.80	29.0%
Minimum Charge Consumption for 5,000 Gallons	\$36.34	\$10.56	\$46.90	29.1%
Minimum Bill	\$60.99	\$17.71	\$78.70	29.0%
Charge for usage over 5,000	\$7.27	\$2.11	\$9.38	29.0%

Non-Residential

Quarterly Minimum Charge	\$61.62	\$17.87	\$79.49	29.0%
Minimum Charge Consumption for 5,000 Gallons	\$85.32	\$24.68	\$110.00	28.9%
Minimum Bill	\$146.94	\$42.55	\$189.49	29.0%
Charge for usage over 5,000	\$7.27	\$3.73	\$11.00	51.3%

Multi Unit

Quarterly Minimum Charge	\$61.62	\$17.87	\$79.49	29.0%
Minimum Charge Consumption for 5,000 Gallons	\$72.68	\$21.12	\$93.80	29.1%
Minimum Bill	\$134.30	\$38.99	\$173.29	29.0%
Charge for usage over 5,000	\$7.27	\$2.11	\$9.38	29.0%

Exeter - Wastewater Operations

	2018 Revenue	2019 Increase	2019 Revenue	Percent Increase
(A)	(B)	(C)	(D)	(E)
1 Increase	\$6,506,738	\$1,887,350	\$8,394,088	29.0%

PA American Water Company - Wastewater Operations
 With and Without the Exeter System
 A-2018-3004933

	R-2017-2595853 Without Exeter	Adding Exeter	Wastewater With Exeter	Percent Increase
(A)	(B)	(C)	(D)	(E)
1 Increase	\$6,189,656	\$6,811,584	\$13,001,240	110.0%
2 Rate Base	\$170,361,771	\$100,200,000	\$270,561,771	58.8%
3 Depreciation Expense	\$5,690,103	\$3,400,000	\$9,090,103	59.8%
	Exeter 2019 Present Rate Revenue	Full Increase For Exeter	Revenue Needed From Exeter	Full Percent Increase
4 Exeter	\$8,394,088	\$6,811,584	\$15,205,672	81.1%
	Exeter 2019 Present Rate Revenue	Limited Increase For Exeter	Projected Revenue From Exeter	Estimated Percent Increase
5 Exeter	\$8,394,088	\$4,197,044	\$12,591,132	50.0%
6 First Base Rate Case Revenue Shortfall		<u>\$2,614,540</u>		

PA American Water Company - Wastewater Operations (excluding Scranton WW)

R-2017-2595853
6/10/19

TABLE I
INCOME SUMMARY

	12/31/18 Proforma Present Rates	INVESTIGATION & ENFORCEMENT			
		Adjustments	Present Rates	Increase	Proposed
(A)	(B)	(C)	(D)	(E)	(F)
1 Operating Revenue	\$24,027,897	\$0	\$24,027,897	\$6,189,656	\$30,217,553
2 Deductions:					
3 O&M Expenses	\$7,091,330	\$0	\$7,091,330	\$91,854	\$7,183,184
4 Depreciation	\$5,690,103	\$0	\$5,690,103		\$5,690,103
5 Taxes, Other	\$537,937	\$0	\$537,937	\$31,868	\$569,805
6 Income Taxes:					
7 Current State	\$264,059	-\$859	\$263,200	\$605,987	\$869,187
8 Current Federal	\$1,966,141	-\$1,625	\$1,964,516	\$1,146,589	\$3,111,105
9 Deferred Taxes	\$0	\$0	\$0		\$0
10 ITC	\$0	\$0	\$0		\$0
11 Total Deductions	\$15,549,570	-\$2,484	\$15,547,086	\$1,876,298	\$17,423,384
12 Income Available	\$8,478,327	\$2,484	\$8,480,811	\$4,313,358	\$12,794,169
13 Measure of Value	\$170,361,771	\$0	\$170,361,771	\$0	\$170,361,771
14 Rate of Return	4.98%		4.98%		7.51%

**PA American Water Company - Wastewater Operations (excluding Scranton WW) - With EXETER
A-2018-3004933**

	Existing Proforma Present Rates	INVESTIGATION & ENFORCEMENT			
		Adding Exeter	Present Rates	Increase	Proposed
(A)	(B)	(C)	(D)	(E)	(F)
1 Operating Revenue	\$24,027,897	\$8,394,088	\$32,421,985	\$13,001,240	\$45,423,225
2 Deductions:					
3 O&M Expenses	\$7,091,330	\$2,200,000	\$9,291,330	\$192,938	\$9,484,268
4 Depreciation	\$5,690,103	\$3,400,000	\$9,090,103		\$9,090,103
5 Taxes, Other	\$537,937	\$43,218	\$581,155	\$66,938	\$648,093
6 Income Taxes:					
7 Current State	\$264,059	-\$10,330	\$253,729	\$1,272,862	\$1,526,591
8 Current Federal	\$1,966,141	-\$19,546	\$1,946,595	\$2,408,385	\$4,354,980
9 Deferred Taxes	\$0	\$0	\$0		\$0
10 ITC	\$0	\$0	\$0		\$0
11 Total Deductions	\$15,549,570	\$5,613,342	\$21,162,912	\$3,941,123	\$25,104,035
12 Income Available	\$8,478,327	\$2,780,746	\$11,259,073	\$9,060,116	\$20,319,189
13 Measure of Value	\$170,361,771	\$100,200,000	\$270,561,771	-\$1	\$270,561,771
14 Rate of Return	4.98%		4.16%		7.51%

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I am serving the Bureau of Investigation and Enforcement's **Interrogatory Responses to PAWC Set I, Nos. 1 – 11** dated June 10, 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

David P. Zambito, Esq.
Jonathan P. Nase, Esq.
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
dzambito@cozen.com
JNase@cozen.com

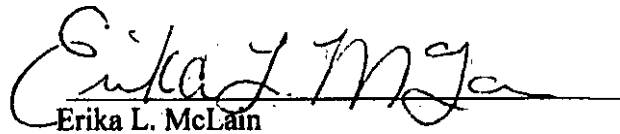
Susan Simms Marsh, Esq.
Pennsylvania-American Water Company
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Harrison W. Breitman, Esq.
Erin L. Gannon, Esq.
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hbreitman@paoca.org
egannon@paoca.org

Joan E. London, Esq.
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Wyomissing, PA 19610
jlondon@kozloffstoudt.com


Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 320526

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JUN 12 2019

VERIFICATION

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I, Bernard J. Grundusky, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 17, 2019



Bernard J. Grundusky
Senior Director, Business Development
Pennsylvania American Water Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water :
Company under Section 507, 1102 and 1329 of the : Docket No. A-2018-3004933 *et al.*
Public Utility Code for Approval of its Acquisition of :
wastewater system assets of Exeter Township :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **Pennsylvania-American Water Company's Motion to Dismiss the Objections of the Bureau of Investigation & Enforcement**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL AND FIRST CLASS MAIL

Samuel Cortes, Esq.
Fox Rothschild LLP
747 Constitution Drive
Suite 100
Exton, PA 19341
E-mail: scortes@foxrothschild.com
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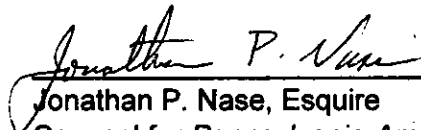
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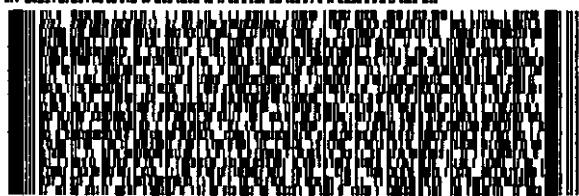
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