


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

 @pa_oca

 /pennoca

FAX (717) 783-7152
consumer@paoca.org

December 27, 2019

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

Re: Application of Aqua Pennsylvania
Wastewater, Inc. Pursuant to Sections
1102, 1329 and 507 of the Public Utility
Code for Approval of its Acquisition of
Wastewater System Assets of East Norriton
Township
Docket No. A-2019-3009052

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Very truly yours,

A handwritten signature in blue ink, appearing to read "H. Breitman".

Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Enclosures:

cc: The Honorable Angela T. Jones, ALJ
Certificate of Service

*282028

CERTIFICATE OF SERVICE

Re: Application of Aqua Pennsylvania :
Wastewater, Inc. Pursuant to Sections 1102, :
1329 and 507 of the Public Utility Code for : Docket No. A-2019-3009052
Approval of its Acquisition of Wastewater :
System Assets of East Norriton Township :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 27th day of December 2019.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Gina L. Miller, Esquire
Erika L. McLain, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Erin K. Fure, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Thomas T. Niesen, Esquire
Thomas, Niesen & Thomas, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

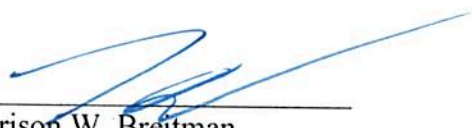
Alexander R. Stahl, Esquire
Aqua Pennsylvania, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010

Thomas Wyatt, Esquire
Matthew S. Olesh, Esquire
Obermayer Rebmann Maxwell & Hippel LLP
Centre Square West
1500 Market Street
Suite 3400
Philadelphia, PA 19102

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Michael and Christine Maddalo
30 Point of Woods
Hazleton, PA 18202

Allen R. Dalton
2508 Terrace Drive
East Norriton, PA 19402



Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Santo G. Spataro
Assistant Consumer Advocate
PA Attorney I.D. # 327494
E-Mail: SSpataro@paoca.org

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Erin L. Gannon
Senior Assistant Consumer Advocate
PA Attorney I.D. # 83487
E-Mail: EGannon@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: December 27, 2019
*282160

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Aqua Pennsylvania	:	
Wastewater, Inc. for Approval of its	:	
Acquisition of East Norriton Township,	:	Docket No. A-2019-3009052
Montgomery County Wastewater Collection	:	
System	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and the Prehearing Order issued by Administrative Law Judge Angela T. Jones on December 4, 2019, the Office of Consumer Advocate (OCA) provides the following:

I. INTRODUCTION

On July 30, 2019, Aqua Pennsylvania Wastewater, Inc. (Aqua or Company) filed an Application under Sections 507, 1102, and 1329 of the Public Utility Code seeking Public Utility Commission (Commission) approval of the acquisition of East Norriton Township's (Township) wastewater collection system, the right of Aqua to provide wastewater service in the areas served by the Township, and approval of the ratemaking rate base of the assets as determined under Section 1329(c)(2) of the Public Utility Code. By Secretarial Letter dated October 23, 2019, the Commission conditionally accepted the Application. The Commission required individual notice to be provided to Aqua's existing water and wastewater customers, that Aqua ensure concurrent notice is provided to all current East Norriton Township wastewater customers, and that newspaper

notice in the East Norriton Township area be provided. Upon completion, Aqua was directed to file a verification that the notice has been provided.

On September 6, 2019, the Office of Small Business Advocate filed a Notice of Intervention and Public Statement. The OCA filed a Protest and Public Statement on September 11, 2019. On October 25, 2019, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. On December 2, 2019, Mr. Stanley Mansell filed a Protest.¹ Mrs. Christine Maddalo and Mr. Michael Maddalo filed a Protest on December 2, 2019. Mr. Allen Dalton filed a Protest on December 9, 2019. On December 9, 2019, East Norriton Township filed a Petition to Intervene.

On November 26, 2019, Aqua filed a letter, with an attached verification, stating that it had complied with the notice requirements contained in the October 23, 2019 Secretarial Letter. By Secretarial Letter dated November 26, 2019, the Commission informed Aqua that it had accepted the Application for filing. A prehearing conference order was issued on December 4, 2019 directing the parties to submit a prehearing conference memorandum by noon on December 27, 2019.

II. SERVICE ON THE OCA

The OCA will be represented in this proceeding by Senior Assistant Consumer Advocates Christine Maloni Hoover and Erin L. Gannon, and by Assistant Consumer Advocates Harrison W. Breitman and Santo G. Spataro. Two copies of all documents should be served in the OCA as follows:

Erin L. Gannon
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, Forum Place 5th Floor
Harrisburg, PA 17101-1923

¹ Mr. Mansell subsequently requested that the Commission withdraw his Protest on December 12, 2019.

Telephone: (717) 783-5048
Fax: (717) 783-7152
Email: OCAEastNorriton@paoca.org

III. DISCOVERY

Discovery modifications have been addressed in the ALJ's Prehearing Order due to the expedited schedule under Section 1329, which requires a Commission Order on the Section 1329 request no later than six months after the filing and final acceptance of such application. 66 Pa. C. S. § 1329. The OCA has served eight sets of discovery to date.

IV. WITNESSES

The OCA intends to present the testimony of David J. Garrett (Financial, Ratemaking, Appraisal and Policy Issues) and Glenn A. Watkins (Appraisal and Policy Issues). Their contact information is as follows:

David J. Garrett
Resolve Utility Consulting, PLLC
101 Park Avenue, Suite 1125
Oklahoma City, OK 73102
E-mail: dgarrett@resolveuc.com

Glenn A. Watkins
Technical Associates, Inc.
1503 Santa Rosa Road, Suite 130
Richmond, VA 23229
E-mail: watkinsg@tai-econ.com

To the extent necessary, the OCA's witnesses will present testimony regarding the impact of the proposed transaction on Aqua's existing customers and the acquired customers, and other financial, technical and ratemaking issues presented in this proceeding.

The OCA specifically reserves the right to call additional witnesses and to expand the issues addressed in testimony, as necessary. If the OCA determines that an additional witness is necessary for any portion of its case, it will notify Your Honor and all parties of record immediately.

V. ISSUES

The OCA is participating in this proceeding to ensure the interests of Aqua's existing

customers and acquired customers are protected. Based upon a preliminary analysis of the Application, the OCA has compiled a list of issues which it anticipates will be included in its investigation. It is anticipated that other issues may arise and may be pursued once all of the answers to the OCA's interrogatories have been received and analyzed.

The issues set forth below will be analyzed and presented as appropriate by the OCA with the assistance of its expert witnesses:

(1) Provision of Safe, Adequate and Reasonable Service at Just and Reasonable Rates: The Asset Purchase Agreement provides that Aqua will pay \$21,000,000 for the Township's wastewater collection system assets. Aqua seeks to have the purchase price approved for inclusion in rate base under Section 1329, as part of this proceeding. The OCA will examine each appraisal and the requested rate base determination.

(2) Notice: The OCA will examine whether Aqua's notice to ratepayers provided adequate and accurate notice.

(3) Substantial Affirmative Benefits: The OCA submits that additional information is necessary to determine how the transaction will substantially and affirmatively benefit Aqua's existing customers.

(4) Conditions: The OCA will examine whether any conditions should be imposed upon the proposed transfer to ensure that Aqua's customers are treated in a fair and just manner in accord with Pennsylvania law and Commission rules and regulations.

The OCA reserves the right to raise additional issues as the case proceeds and further information is obtained from the Applicant.

VI. PUBLIC INPUT HEARINGS

In *McCloskey v. Pa. P.U.C.*, the Commonwealth Court concluded that, in an Application proceeding under Section 1329, individual customer notice of the proposed sale has to be given to all ratepayers as well as an opportunity for them to participate in the proceeding. As such, the OCA respectfully requests that the Commission conduct one smart public input hearing for the Aqua and East Norriton customers impacted by the acquisition. The OCA will work with the parties, ALJ Jones, and the Commission's scheduling staff to reach a mutually agreeable hearing date.

VII. SCHEDULE

The OCA proposes the following schedule:

Other Parties Direct Testimony	January 3, 2020
Supplemental Direct Testimony*	January 7, 2020
Rebuttal Testimony	January 10, 2020
Supplemental Rebuttal Testimony**	January 14, 2020
Surrebuttal Testimony	January 17, 2020
Rejoinder Outline	January 21, 2020
Hearings	January 23, 2020-January 24, 2020
Main Briefs	February 6, 2020
Reply Briefs	February 14, 2020
Recommended Decision	March 17, 2020
Public Meeting	May 21, 2020
End of six month suspension period	May 25, 2020

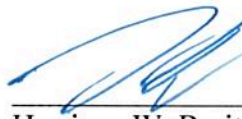
*Supplemental Direct Testimony is limited in scope to provide for only the Direct Testimony of any timely protestant who has not participated in the Prehearing Conference and has not filed a Protest prior to the Prehearing Conference held on December 30, 2019.

** Supplemental Rebuttal Testimony is limited in scope to allow for only Rebuttal Testimony that is directly responsive to any timely-filed Supplemental Direct Testimony.

VIII. SETTLEMENT

The OCA is willing to engage in settlement discussions with all parties.

Respectfully submitted,



Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. #320580
E-Mail: HBreitman@paoca.org

Santo G. Spataro
Assistant Consumer Advocate
PA Attorney I.D. #327494
E-Mail: SSpataro@paoca.org

Erin L. Gannon
Senior Assistant Consumer Advocate
PA Attorney I.D. #83487
E-Mail: EGannon@paoca.org

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. #50026
E-Mail: CHoover@paoca.org

Counsel for:

Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street, Forum Place, 5th Floor
Harrisburg PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)

DATED: December 27, 2019
282238