



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

June 26, 2017

Via E-Filing

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Application of Aqua Pennsylvania Wastewater, Inc. Pursuant to Sections  
1102 and 1329 of the Public Utility Code for Approval of its Acquisition of  
the Wastewater System Assets of Limerick Township  
Docket No. A-2017-2605434

Dear Secretary Chiavetta:

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

Copies are being served on parties as identified in the attached certificate of  
service. If you have any questions, please contact me at (717) 783-6156.

Sincerely,

Carrie B. Wright  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #208185

Phillip C. Kirchner  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #313870

CBW/PCK/sea  
Enclosure

cc: Certificate of Service  
ALJ Steven Haas

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Aqua Pennsylvania :  
Wastewater, Inc. Pursuant to Sections :  
1102 and 1329 of the Public Utility Code : Docket No. A-2017-2605434  
for Approval of its Acquisition of the :  
Wastewater System Assets of Limerick :  
Township :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 26, 2017, 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 Electronic and First Class Mail**

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PA Attorney I.D. #313870

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Application of Aqua Pennsylvania</b>	:	
<b>Wastewater, Inc. Pursuant to</b>	:	
<b>Sections 1102 and 1329 of the Public</b>	:	
<b>Utility Code for Approval of its</b>	:	<b>Docket No. A-2017-2605434</b>
<b>Acquisition of the Wastewater</b>	:	
<b>System Assets of Limerick Township</b>	:	
	:	

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

**TO ADMINISTRATIVE LAW JUDGE STEVE HAAS:**

In accordance with the Prehearing Conference Order dated June 9, 2017, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutors assigned to this proceeding are Carrie B. Wright and Philip Kirchner. Ms. Wright and Mr. Kirchner may be contacted as follows:

By Mail: Carrie B. Wright  
Philip Kirchner  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

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## **I. BACKGROUND**

By Secretarial Letter dated May 31, 2017, the Commission acknowledged receipt of the Application of Aqua Pennsylvania Wastewater, Inc. (“Aqua” or “Company”) for approval of: 1) the acquisition of the wastewater systems assets of Limerick Township situated within a portion of Limerick Township and within a portion of the Borough of Royersford, Montgomery County, Pennsylvania, 2) the right of Aqua to begin to offer, render, furnish and supply wastewater service to the public in a portion of Limerick Township, Montgomery County, Pennsylvania, and 3) for an order approving the acquisition that includes the ratemaking rate base of the Limerick Township wastewater system assets pursuant to Section 1329(c)(2) of the Public Utility Code.

On June 9, 2017, I&E filed its Notice of Appearance in this proceeding. On June 9, 2017, a protest was also filed by the Office of Consumer Advocate (“OCA”). On June 14, 2017, ALJ Haas issued an Interim Order granting in part that motion.

## **II. ISSUES**

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

- Evaluation of the rate stabilization plan included in the filing;
- Evaluation of the filing’s public interest implications;

- Evaluation of the engineering assessment of tangible assets conducted by Pennoni Consulting Engineers;
- Evaluation of the fair market value appraisal conducted by Gannett Fleming Valuation and Rate Consultants, LLC;
- Evaluation of the fair market value appraisal conducted by Herbert, Rowland and Grubic, Inc.;
- Evaluation of the filing's Rate Base Implications;
- Possible Recommendation of Cost of Service Study if the filing is approved;
- Regulatory asset treatment; and
- Implementation of valuation methods.

Most of the issues raised by I&E will be supported by the Direct Testimony of an 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 the following witnesses without being limited thereto:

Kokou Apetoh  
Rachel Maurer

Fixed Utility Valuation Engineer  
Fixed Utility Financial Analyst

The I&E witnesses may be contacted through the contact information listed above for Ms. Wright and Mr. Kirchner. 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**

I&E is working with Aqua and the other parties to develop a mutually acceptable litigation schedule for this proceeding.

#### **V. 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.

#### **VI. DISCOVERY**

I&E has filed a Motion to Expedite Discovery which ALJ Haas has ruled on.

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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.

I&E is not proposing any further discovery modifications at this time.

Respectfully submitted,

A handwritten signature in black ink that reads "Carrie B. Wright". The signature is written in a cursive, flowing style.

Carrie B. Wright

Prosecutor

Bureau of Investigation and Enforcement

Pennsylvania Public Utility Commission

Philip Kirchner

Prosecutor

Bureau of Investigation and Enforcement

Pennsylvania Public Utility Commission

Dated: June 26, 2017