**BEFORE THE**

**PENNSYLVANIA PUBLIC UTLIITY COMMISSION**

Joint Application of Aqua Pennsylvania, Inc. and : R-2018-3004108

its Subsidiary, Superior Water Co., Inc. : R-2018-3004109

:

and :

:

Pennsylvania Public Utility Commission (water) : R-2018-3003558

Aqua Large Users Group : C-2018-3004981

Office of Consumer Advocate : C-2018-3004331

Office of Small Business Advocate : C-2018-3004941

Pennsylvania American Water Company : C-2018-3004425

Albert Bowman : C-2018-3004648

Darren Distasio : C-2018-3004318

Lee Euard : C-2018-3004097

Kenneth Ferguson : C-2018-3005174

Byron Goldstein : C-2018-3004375

Jordan Goretti : C-2018-3004270

James Grace : C-2018-3005207

Carl & Kathy Haybedian : C-2018-3004896

Denise Johnson : C-2018-3005123

Robert Kreisich : C-2018-3004901

Donald Labranche : C-2018-3004988

Robert Leupold : C-2018-3004690

Links at Gettysburg Master Assoc. : C-2018-3004912

Joseph Lorusso : C-2018-3004381

Marilyn Marbo : C-2018-3004631

Masthope Mountain Community Property Owners : C-2018-3005067

Stephen & Janice McHenry : C-2018-3004991

Paul Nice : C-2018-3005287

Dony Pierre : C-2018-3005077

Robert Shafer : C-2018-3004884

Brian Sheppard : C-2018-3004748

:

v. :

:

Aqua Pennsylvania, Inc. (water) :

:

and :

:

Pennsylvania Public Utility Commission :

(wastewater) : R-2018-3003561

Office of Consumer Advocate : C-2018-3004333

Office of Small Business Advocate : C-2018-3004939

Grace Bowes : C-2018-3005069

Ralph & Lauretta Camardelli : C-2018-3004563

Joseph & Karen Calvacca : C-2018-3005327

Cedar Knoll Builders : C-2018-3004985

Thomas Davis : C-2018-3004694

Thomas Davis : C-2018-3004695

Stephen DeLeo : C-2018-3005322

Darren Distasio : C-2018-3004324

Donald & Linda Dudjak : C-2018-3005091

Colleen Essick : C-2018-3005295

Phyllis Genauer : C-2018-3004693

Sylvia Habacker : C-2018-3005320

Carl & Kathy Haybedian : C-2018-3004912

Arnold Kring : C-2018-3004662

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Robert Leupold : C-2018-3004692

Links at Gettysburg Master Assoc. : C-2018-3004913

Tammy Livziey : C-2018-3005220

Michael Luciano : C-2018-3004856

David Marano : C-2018-3005016

Masthope Mountain Community Property Owners : C-2018-3005079

Donna May : C-2018-3005014

James May : C-2018-3005015

Janice & Stephen McHenry : C-2018-3004989

Ben Mroz : C-2018-3004531

Paul Nice : C-2018-3005295

Jacqueline Pasquini : C-2018-3005153

Scott Peterson : C-2018-3005130

Rafael Rodriguez : C-2018-3005235

Robert Shafer : C-2018-3004883

Susan Siensa : C-2018-3004923

Carroll Stroh : C-2018-3005150

John Stull : C-2018-3004389

Carey & Sandra Terrell : C-2018-3004938

Wayne Weismandel : C-2018-3005132

:

v. :

Aqua Pennsylvania Wastewater Inc. :

**PREHEARING ORDER #3**

**GRANTING MOTION TO CONSOLIDATE**

1. HISTORY

Aqua Pennsylvania, Inc. (Aqua or Water Company) is a Class A water utility, duly organized and existing under the laws of the Commonwealth of Pennsylvania, operating under Commission issued certificates of public convenience. Aqua serves approximately 430,000 water customers in various Counties throughout Pennsylvania.

Superior Water Company, Inc. (Superior) is a Class A water utility, duly organized and existing under the laws of the Commonwealth of Pennsylvania, operating under Commission issued certificates of public convenience. Superior serves approximately 4,300 water customers in Montgomery, Chester and Berks Counties in Pennsylvania.

On September 17, 2015, the Pennsylvania Public Utility Commission (Commission) entered an order approving the acquisition of Superior by Aqua through a stock transaction.[[1]](#footnote-1) As part of the acquisition proceeding, Aqua and Superior stated their intention to fold Superior into Aqua. Additionally, in subsequent filings made with the Commission, Superior stated that Aqua would merge Superior into Aqua in the Water Company's next base rate case proceeding. Superior has operated as a separate subsidiary of Aqua since it was acquired by Aqua on January 1, 2016.

On August 17, 2018, Aqua and Superior filed a Joint Application seeking

Commission approval to fold Superior, by merger, into Aqua and then to abandon Superior water service (Joint Application). The Joint Application was assigned Docket Nos. A-2018-3004108 (merger) and A-2018-3004109 (abandonment).

Also on August 17, 2018, Aqua filed with the Commission Tariff Water – Pa. P.U.C. No. 2, which provides an increase in total annual operating water revenues of approximately $66.3 million or approximately 15.39%. This base rate increase filing was assigned Docket No. R-2018-3003558. Included in Aqua's base rate case filing is a proposal to include Superior in Aqua's proposed water tariff.

Also on August 17, 2018, Aqua Pennsylvania Wastewater, Inc. (APW or Wastewater Company), filed with the Commission Tariff Sewer – Pa. P.U.C. No. 2, which would increase the Wastewater Company’s total annual operating revenues for wastewater service by approximately $5.4 million or 40.14%. This base rate increase filing was assigned Docket No. R-2018-3003561.

By Order entered September 10, 2018, the Commission instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increases. Pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S.A. § 1308(d), Aqua Tariff Water – Pa. P.U.C. No. 2 and APW Tariff Sewer – Pa. P.U.C. No. 2 were suspended by operation of law until May 16, 2019, unless permitted by Commission Order to become effective at an earlier date. The matters were consolidated and assigned to the Office of Administrative Law Judge for the prompt scheduling of hearings culminating in the issuance of a Recommended Decision.

On September 10, 2018, Aqua filed a motion to consolidate (Motion) the Joint Application at Docket Nos. A-2018-3004108 and A-2018-3004109 with the base rate filings of Aqua and APW at Docket Nos. R-2018-3003558 (water) and R-2018-3003561 (wastewater). To date, the Motion is unopposed.

1. DISCUSSION

The Commission regulation pertaining to consolidation appears at 52 Pa.Code § 5.81, and states, in relevant part:

**§ 5.81. Consolidation.**

(a) The Commission or presiding officer, with or without motion, may order proceedings involving a common question of law or fact to be consolidated. The Commission or presiding officer

may make orders concerning the conduct of the proceeding as may avoid unnecessary costs or delay.

In this case, the issues and facts presented in both the Joint Application and base rate proceeding are closely linked because Aqua is proposing that Superior be included in Aqua's water tariff and that Superior's water service territory be transferred to Aqua. Consolidation of the Joint Application and base rate proceeding is the best and most efficient use of the Commission's and the parties' resources. The consolidation will allow any issues related to rates that arise from the inclusion of Superior into Aqua's proposed tariff to be addressed in the same proceeding, which will help avoid unnecessary costs and/or delay. Furthermore, in Superior’s Amended Annual Asset Optimization Plan filed with the Commission at Docket No. M-2018-3000273 on May 25, 2018, Superior foretold of Aqua’s plan to merge its application for approving the merger of Aqua and Superior with the next base rate case of Aqua. The instant Motion is merely following through on what Aqua told the Commission previously. Lastly, it is compelling that no party opposed the request for consolidation.

Accordingly, we find the consolidation of the Joint Application and base rate proceeding is warranted and in the public interest.

THEREFORE;

IT IS ORDERED:

1. That the Motion of Aqua Pennsylvania, Inc. and Superior Water Company, Inc. to Consolidate the Joint Application at Docket Nos. A-2018-3004108 and A-2018-3004109 with the base rate filings of Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. at Docket Nos. R-2018-3003558 (water) and R-2018-3003561 (wastewater) is granted; and
2. That the proceedings at Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561 are consolidated into one proceeding.

Date: October 12, 2018 /s/

Angela T. Jones

Administrative Law Judge

/s/

F. Joseph Brady

Administrative Law Judge

Pennsylvania Public Utility Commission v. Aqua Pennsylvania, Inc.

Docket Number R-2018-3003558

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Pennsylvania Public Utility Commission v. Aqua Pennsylvania Wastewater, Inc.

Docket Number R-2018-3003561

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1. See *Joint Application of Aqua Pennsylvania, Inc. and Superior Water Company, Inc. for Approval of the Transfer, by Merger, of All Stock and Rights of the Latter to the Former*, Docket Nos. A-2015-2472472 and A-2015-2472473, Joint Application at Appendix B (filed Mar. 17,2015) (hereinafter referred to as "2015 Merger Application"). [↑](#footnote-ref-1)