

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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

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

March 1, 2019

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

Re: Petition of Pennsylvania-American Water
Company Wastewater Operations for Approval
of Modification of Long-Term Infrastructure
Improvement Plan
Docket No. P-2014-2431005

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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Erin L. Gannon".

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

Enclosures:

cc: Honorable Andrew Calvelli
Honorable Joel Cheskis
Certificate of Service
*267340

CERTIFICATE OF SERVICE

Re: Petition of Pennsylvania-American Water :
Company Wastewater Operations for : Docket No. P-2014-2431005
Approval of Modification of Long-Term :
Infrastructure Improvement :

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 1st day of March 2019.

SERVICE BY E-MAIL and INTER-OFFICE MAIL

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pa 17120

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

Erin K. Fure, Esquire
Office of Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101

Anthony C. DeCusatis, Esquire
Brooke E. McGlenn, Esquire
Morgan, Lewis & Bockius, LLP
1701 Market Street
Philadelphia, PA 19103-2921

Susan Simms Marsh, Esquire
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Mary Jane Stigliano
110 Totteridge Road
Bushkill, PA 18324

/s/ Erin L. Gannon

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
*267343

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: March 1, 2019

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Pennsylvania American	:	
Water Company Wastewater Operations for	:	Docket No. P-2014-2431005
Approval of Modification of Long Term	:	
Infrastructure Improvement Plan	:	

**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 Conference Order issued by Administrative Law Judges Joel H. Cheskis and Andrew M. Calvelli on February 14, 2019, the Office of Consumer Advocate (OCA) provides the following:

I. BACKGROUND

Pennsylvania-American Water Company Wastewater Operations' (PAWC-WW or the Company) current LTIIIP was approved on December 4, 2014. The plan began with calendar year 2015 and ends in 2019. The Company filed Annual Asset Optimization Plans (AAOP) on February 29, 2016, February 28, 2017, February 27, 2018 and February 28, 2019.

Pennsylvania PAWC-WW filed a Petition on November 8, 2018, which was captioned as a Major Modification to its existing LTIIIP and a Second LTIIIP. The Company filed a request to withdraw the Petition on December 10, 2018. On December 12, 2018, PAWC-WW filed a Petition captioned as a Modification to its existing LTIIIP. The proposed LTIIIP would replace the Company's existing LTIIIP for the Year 2019 and includes Years 2020-2023.

On January 2, 2019, the Commission's Bureau of Investigation and Enforcement (I&E) filed an Answer to PAWC's 2018 Petition to Modify LTIIIP. On January 9, 2019, the OCA filed

Comments, which recommended that PAWC provide additional information and take certain actions in future LTIP-related filings. On January 10, 2019, I&E filed an Amended Answer to the 2018 Petition to Modify LTIP. I&E requested that the matter be referred to the Office of Administrative Law Judge (OALJ) for disposition. The matter was assigned to the OALJ and further assigned to the Presiding Officers. A Prehearing Conference was scheduled for March 8, 2019.

The OCA now files this Prehearing Memorandum to set forth the procedure and address the requirements of the February 14, 2019 Prehearing Conference Order.

II. SERVICE ON THE OCA

The OCA will be represented in this proceeding by Senior Assistant Consumer Advocates Erin L. Gannon and Christine Maloni Hoover. Two copies of all documents should be served on 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

Telephone: (717) 783-5048
E-mail: EGannon@paoca.org

The OCA agrees to be served electronically if followed by service of two hard copies by first-class mail.

III. SETTLEMENT

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

IV. DISCOVERY

At this time, the OCA does not propose any changes to the discovery timeframes specified by the Commission's regulations

V. SCHEDULE

The Company, I&E, the OCA and the Office of Small Business Advocate have discussed the procedure going forward that would be most efficient in light of the parties' positions in this case. The parties believe that there may be a reasonable opportunity to reach a resolution of the issues and concerns raised in I&E's Amended Answer and Comments and the OCA's Comments by means of a stipulation or settlement. Accordingly, the parties request that the ALJs hold in abeyance establishing a procedural schedule at this time so that the parties can focus on meeting and discussing I&E's and OCA's issues and concerns with the goal of reaching a resolution that does not require formal litigation. The parties will provide the ALJs a status report within 30 days after the Prehearing Conference. The parties will also notify the ALJs if it becomes necessary to establish a schedule for submitting written testimony and conducting an evidentiary hearing.

VI. PUBLIC INPUT HEARINGS

The OCA is unaware of any specific consumer requests for public input hearings in this matter to date. If the OCA becomes aware of substantial consumer interest, the OCA will promptly notify the Administrative Law Judge and parties to request a public input hearing.

VII. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. Each witness will present testimony in written form and will also attach various exhibits, documents, and explanatory information

which will assist in the presentation of OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be e-mailed and mailed directly to the expert witness(es) responsible for the area of the case, as well as mailing a copy to counsel for the OCA.

General Accounting, Financial and Ratemaking Issues

Ashley E. Everette, Regulatory Analyst
Office of Consumer Advocate
555 Walnut Street, Forum Place 5th Floor
Harrisburg PA 17101-1923
Telephone: (717) 783-5048
E-mail: aeverette@paoca.org

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

VIII. ISSUES

In its Comments, filed on January 9, 2019, the OCA made four recommendations. The OCA recommended that PAWC-WW provide the following information:

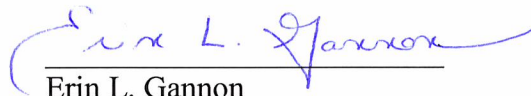
1. a breakdown of historic annual replacement and retirement for categories of plant for 2015 through 2018 to date, by district, and
2. a table showing the projected annual expenditures by eligible plant categories and by district, with expenditures separately identified for combined and sanitary systems.

The OCA also recommended that, in future Annual Asset Optimization Plans and other LTIIIP-related filings, the Company should:

3. continue to distinguish between non-regulatory and regulatory investment and
4. to the extent that, relative to the projections in this LTIIIP, quantities of property improved or annual expenditures are higher for McKeesport and lower for other service areas, explain why the shift was appropriate and consistent with Ordering Paragraph 7(a) of the Commission's October 26, 2017 Order in Docket No. A-2017-2606103.

It is anticipated that other issues may arise and may be pursued in the course of discovery and/or informal discussions between the parties, and the OCA reserves the opportunity to present any new, unanticipated issues at that time. In addition, the OCA reserves the right to raise issues and respond to issues raised by other parties, as necessary to protect the interests of PAWC-WW's customers.

Respectfully submitted,



Erin L. Gannon
Senior Assistant Consumer Advocate
Pa. Attorney No. 83487
EGannon@paoca.org

Christine Maloni Hoover
Senior Assistant Consumer Advocate
Pa. Attorney No. 50026
CHoover@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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

DATED: March 1, 2019
267378