

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105-3265**

**Investigation Instituted per Section 529
Into Whether the Commission Shall
Order a Capable Public Utility to Acquire
Delaware Sewer Company**

**Public Meeting held April 25, 2019
2526085-ALJ
Docket No. I-2016-2526085**

MOTION OF CHAIRMAN GLADYS BROWN DUTRIEUILLE

Before the Pennsylvania Public Utility Commission (Commission) is the investigation instituted per Section 529 of the Public Utility Code, 66 Pa. C.S. § 529, into whether the Commission should order a capable public utility to acquire Delaware Sewer Company. The parties to the proceeding filed a Joint Petition for Approval of Settlement of All Issues (Settlement). Presiding Administrative Law Judge (ALJ) Steven K. Haas has recommended the approval of the Settlement in his Recommended Decision (R.D.).

I support approval of this Section 529 acquisition, which permits Pennsylvania American Water Company – Wastewater Operations (PAWC) to acquire the assets of Delaware Sewer Company (DSC). However, I am concerned that the ALJ’s R.D. may manifest the incorporation of ineligible property into PAWC’s Long Term Infrastructure Improvement Plan (LTIIP).¹ Here, the Recommended Decision incorporates the entirety of PAWC’s Plan for Improvements (PFI) for the DSC system into its existing LTIIP, deeming these to be an approved Petition for Modification pursuant to 52 Pa. Code § 121.5(a).²

In order to ensure PAWC’s LTIIP does not include any ineligible property, I propose that the PFI submitted by PAWC is approved, consistent with 66 Pa. C.S. §529(j). The eligible property and expenditures from the PFI subject to recovery through the Distribution System Improvement Charge (DSIC) mechanism should be incorporated into PAWC’s LTIIP.

Further, to the extent the Settlement, and its accompanying PFI, contain non-DSIC eligible property PAWC may establish a regulatory asset in order to claim appropriate ratemaking and revenue recovery of accrued depreciation and allowance for funds used during construction on those improvements, that cannot otherwise be included in the DSIC mechanism, within its next base rate proceeding.

Additionally, I note the Petition cites Pennsylvania American Water Company’s LTIIP at Docket No. P-2017-2585707.³ This is its LTIIP for the jurisdictional water utility, not its wastewater division. It is logical to assume that the Petition intended the modifications from the

¹ Eligible property is defined at 66 Pa. C.S. § 1351.

² Ordering Paragraph No. 5 to the Recommended Decision.

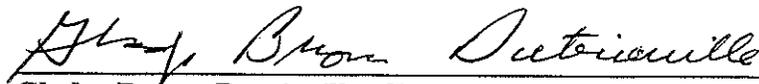
³ Joint Petition at 7, paragraph 24.

PFI for the acquired DSC system to be incorporated into PAWC's wastewater operations LTIIP at Docket No. P-2014-2431005.

THEREFORE, I MOVE THAT:

1. The Settlement Agreement in the investigation instituted per Section 529 into whether the Commission shall order a capable public utility to acquire Delaware Sewer Company is approved, as modified by this Motion.
2. The Plan for Improvements submitted by Pennsylvania American Water – Wastewater Operations is approved consistent with 66 Pa. C.S. §529(j).
3. The eligible property and expenditures constituent to the Plan for Improvements shall also be approved pursuant to 52 Pa. Code § 121.5(a) and incorporated into Pennsylvania American Water – Wastewater Operation's existing Long-Term Infrastructure Improvement Plan and that Pennsylvania American Water – Wastewater Operation's may establish a regulatory asset for any ineligible property in order to claim appropriate ratemaking and revenue recovery within a future base rate proceeding.
4. The Office of Special Assistants draft a Tentative Opinion and Order consistent with this Motion.
5. The Delaware Sewer Company, Pennsylvania American Water – Wastewater Operations, or any other active parties and interested parties shall have 10 days from issuance of the Tentative Opinion and Order to file comments.
6. Should Delaware Sewer Company, Pennsylvania American Water – Wastewater Operations, or any other active and interested parties not file any timely adverse comments the Tentative Opinion and Order shall become final.
7. That a copy of the entered Tentative Order be served upon all the parties of record in the instant proceeding and at Docket No. P-2014-2431005.

April 25, 2019
Date


Gladys Brown Dutrieuille, Chairman