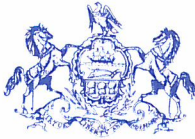


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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December 8, 2020

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

Re: Application of Pennsylvania-American Water Company  
Pursuant to Sections 507, 1102 and 1329 of the Public  
Utility Code for Approval of its Acquisition of the  
Wastewater System Assets of Royersford Borough  
Docket No. A-2020-3019634

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,

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

Enclosures:

cc: The Honorable Marta Guhl (**email only**)  
Certificate of Service

\*300387

CERTIFICATE OF SERVICE

Re: Application of Pennsylvania-American Water :  
Company Pursuant to Sections 507, 1102 and 1329 :  
of the Public Utility Code for Approval of its : Docket No. A-2020-3019634  
Acquisition of the Wastewater System Assets of :  
Royersford Borough :

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 8<sup>th</sup> day of December 2020.

**SERVICE BY E-MAIL ONLY**

Erika L. McLain, Esquire  
John M. Coogan, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
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Pennsylvania-American Water Company  
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Phone: (717) 783-5048  
Fax: (717) 783-7152  
Dated: December 8, 2020  
\*299580

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Application of Pennsylvania-American :  
Water Company Pursuant to Sections 507, :  
1102 and 1329 of the Public Utility Code for : Docket No. A-2020-3019634  
Approval of its Acquisition of the Wastewater :  
System Assets of Royersford Borough :

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and the Prehearing Conference Order issued by Administrative Law Judge Marta Guhl on November 4, 2020, the Office of Consumer Advocate (OCA) provides the following:

**I. INTRODUCTION**

On July 14, 2020, Pennsylvania-American Water Company (PAWC) filed an Application under Sections 507, 1102, and 1329 of the Public Utility Code seeking Public Utility Commission (Commission) approval of the acquisition of Royersford Borough (Borough) wastewater collection and treatment system, the right of PAWC to provide wastewater service in the areas served by the Borough, 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 September 11, 2020, the Commission conditionally accepted the Application. The Commission required individual notice to be provided to PAWC's existing water and wastewater customers, that PAWC ensure concurrent notice is provided to all current Borough wastewater customers, and that newspaper

notice is provided in the Borough's area. Upon completion, PAWC was directed to file a verification that the notice has been provided.

On July 29, 2020, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and Public Statement. The OCA filed a Protest and Public Statement on July 29, 2020. On July 21, 2020, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance.

On October 30, 2020, PAWC filed a letter, with an attached verification, stating that it had complied with the notice requirements contained in the September 11, 2020, Secretarial Letter. By Secretarial Letter dated November 9, 2020, the Commission informed PAWC that it had accepted the Application for filing. A prehearing conference order was issued scheduling a telephonic prehearing conference on Thursday, December 10, 2020 and directing the parties to submit a prehearing conference memorandum by 12:00 p.m., on Tuesday December 8, 2020.

## **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 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  
Fax: (717) 783-7152  
Email: OCAPAWCRoyersford@paoca.org

### **III. DISCOVERY**

The ALJ directed the parties in the Prehearing Conference Order to review the regulations relating to discovery 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. The OCA has agreed to the Company's proposed discovery rule modifications, which are below for reference:

#### Discovery rule modifications:

1. Answers to written interrogatories shall be served in-hand within five (5) calendar days of service.
2. Objections to interrogatories shall be communicated orally within two (2) calendar days and in writing within three (3) calendar days of service of the interrogatories.
3. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within two (2) calendar days of service of the written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within two (2) calendar days of service of such motions.
5. Responses to requests for document production, entry for inspection, or other purposes must be served in-hand within (5) calendar days.
6. Requests for admissions will be deemed admitted unless answered within three (3) calendar days of service.
7. Discovery and all discovery-related pleadings, such as objections, motions, or answers, served after 12:00 noon on a Friday or after 12:00 noon the day before a holiday recognized by the Commission will be deemed to have been served on the following business day for purposes of tracking due dates.
8. The parties are directed to make every reasonable effort to comply with these discovery response times. In those instances when compliance is not possible, despite a party's best efforts, the responding party shall so advise and the parties shall work together to address the requests and responses on a timely basis.
9. These discovery rule modifications are for the limited purposes of this proceeding and should not be viewed as binding, or otherwise limiting, upon positions taken by the parties in any other proceeding.

### **IV. WITNESSES**

The OCA intends to present the testimony of David J. Garrett (Financial, Ratemaking, Appraisal and Policy Issues) and Noah D. Eastman (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

Noah D. Eastman  
Regulatory Analyst  
Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor,  
Forum Place Harrisburg, PA, 17101  
E-mail: NEastman@paoca.org

To the extent necessary, the OCA's witnesses will present testimony regarding the impact of the proposed transaction on PAWC'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 PAWC'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 PAWC will pay \$13,000,000 for the Authority's wastewater collection and treatment system assets. PAWC 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) Substantial Affirmative Benefits: The OCA submits that additional information is necessary to determine how the transaction will substantially and affirmatively benefit PAWC's existing customers.

(3) Conditions: The OCA will examine whether any conditions should be imposed upon the proposed transfer to ensure that PAWC'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. 195 A.3d 1055 (Pa. Commw. 2018) (*New Garden*). As such, the OCA respectfully requests that the Commission conduct two smart public input hearings for the PAWC and Royersford customers impacted by the acquisition. The OCA proposes either January 6<sup>th</sup> or January 7<sup>th</sup> for telephonic smart public input hearings. The OCA requests that the phone number and pin be placed on the hearing notice and all advertisements regarding the public input hearings.

## **VII. SCHEDULE**

The OCA proposes the following schedule, which it understands to be acceptable to all parties:

Other Parties Direct Testimony	December 22, 2020
Rebuttal Testimony	January 6, 2020
Surrebuttal Testimony	January 13, 2020

Rejoinder Outline	January 14, 2020
Hearings	January 15, 2020 (Backup - January 19, 2020 )
Main Briefs	January 29, 2020
Reply Briefs	February 10, 2020
Recommended Decision	March 12, 2020
Exceptions	March 19, 2020
Reply Exceptions	March 26, 2020
Public Meeting	May 6, 2020
End of six month suspension period	May 9, 2020



## VIII. SETTLEMENT

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

Respectfully submitted,

/s/ Santo G. Spataro

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DATED: December 8, 2020  
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