



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

July 7, 2023

Via Electronic Filing

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

Re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § § 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned by the Butler Area Sewer Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Butler, and portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland, and Summit, in Butler County, Pennsylvania
Docket No. A-2022-3037047

I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Memorandum of the Bureau of Investigation and Enforcement ("I&E") for the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Carrie B. Wright'.

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 208185
(717) 783-6156
carwright@pa.gov

CBW/ac
Enclosures

cc: Administrative Law Judge Marta Guhl (*via email only*)
Athena DelVillar, Legal Assistant (*via email only*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § § 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned by the Butler Area Sewer Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Butler, and portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland, and Summit, in Butler County, Pennsylvania :

Docket No.: A-2022-3037047

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

TO ADMINISTRATIVE LAW JUDGE MARTA GUHL:

In accordance with the Administrative Law Judge Marta Guhl’s Prehearing Conference Order, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutor assigned to this proceeding is Carrie B. Wright. Ms. Wright may be contacted as follows:

By Mail: Carrie B. Wright
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Fl.
Harrisburg, PA 17120

By E-mail: carwright@pa.gov

Telephone: (717) 783-6156

I. BACKGROUND

On February 14, 2023, Pennsylvania-American Water Company (PAWC or Company) filed with the Pennsylvania Public Utility Commission (Commission) its Application pursuant to Sections 1102 and 1329 of the Public Utility Code (Code), related to its acquisition of the Butler Area Sewer Authority (BASA) wastewater system assets.

By way of a Secretarial Letter of May 23, 2023, the Commission informed PAWC that its Application was accepted for filing. The Secretarial Letter stated that the Commission would publish notice of the Application in the June 10, 2023 edition of the *Pennsylvania Bulletin*. Thereafter, PAWC's Application was assigned to the Office of Administrative Law Judge for establishment of an evidentiary record culminating in a Recommended Decision for the Commission's consideration.

A telephonic Prehearing Conference is now scheduled for July 11, 2023, at 10:00 a.m., before Administrative Law Judge Marta Guhl (ALJ Guhl). In accordance with the Prehearing Conference Order issued by ALJ Guhl, I&E now respectfully submits this prehearing memorandum.

II. ISSUES

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

1. Errors and omissions in the Fair Market Appraisals;
2. Cost of Service Study;
3. Easements and Other Property Rights;
4. Comparison of Rate Base per Customer;

5. Benefits and detriments of the acquisition;
6. Whether the transaction is in the public interest under 66 Pa. C.S. § 1102 of the Public Utility Code;
7. Evaluation of PAWC's claimed rate base; and
8. Future Base Rate Implications.

I&E notes that this listing of issues is provided without analysis of the positions of all parties to this proceeding and while the discovery process is still underway. Accordingly, I&E necessarily reserves the right to supplement its issue list, to remove issues from this list, and to reassign issues between witnesses as necessary to facilitate the development of a full record in this case. Additionally, most of the issues raised by I&E will be supported by the Direct Testimony of 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:

- Anthony Spadaccio, Fixed Utility Financial Analyst
- Ethan Cline, Fixed Utility Valuation Engineer

The I&E witnesses may be contacted through the contact information listed above for Ms. Wright. I&E notes that this listing of witnesses is provided without analysis of the positions of all parties to this proceeding and while the discovery process is still underway.

Accordingly, I&E necessarily reserves the right to supplement its witness list, and to remove witnesses from this list, as necessary to facilitate the development of a full record in this case. The ALJs and all active parties will be notified of any amendments to the I&E witness list.

IV. SCHEDULE

I&E will work with the Parties and the ALJ to develop a procedural schedule in this proceeding.

I&E requests that hearings be held telephonically in this matter. To the extent that in person hearings are required, I&E respectfully requests that those hearings be held in Harrisburg.

Further, to the extent that public input hearings are deemed necessary in this proceeding, I&E requests that those hearing be held telephonically for the benefit of the parties and the customers wishing to testify.

V. DISCOVERY

I&E will accept the discovery modifications as presented in the ALJ's prehearing conference order.

VI. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand service requirements for discovery responses, prepared testimony, briefs and other documents, I&E requests that electronic delivery of documents satisfy the service requirements without the need to follow up with service of a hard copy of such documents.

VII. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties in an attempt to reach a resolution of any or all issues.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright".

Carrie B. Wright
Prosecutor
PA Attorney ID No. 308185

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
carwright@pa.gov

Dated: July 7, 2023

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water :
Company under Sections 1102(a) and 1329 of :
the Pennsylvania Public Utility Code, 66 Pa :
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Authority, (2) the rights of Pennsylvania- :
American Water Company to begin to offer or :
furnish wastewater service to the public in the :
City of Butler, and portions of the Borough of :
East Butler, and portions of the Townships of :
Butler, Center, Connoquenessing, Oakland, :
and Summit, in Butler County, Pennsylvania :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated July 7, 2023, in the manner and upon the persons listed below:

Served via Electronic Mail Only

Administrative Law Judge Marta Guhl
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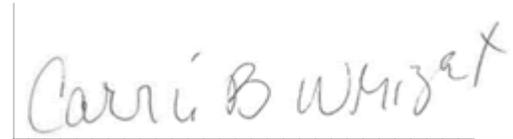
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