

COMMONWEALTH OF PENNSYLVANIA



PATRICK M. CICERO
Consumer Advocate

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

@pa_oca
 /pennoca
FAX (717) 783-7152
consumer@paoca.org
www.oca.pa.gov

September 8, 2023

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

Re: Application of Pennsylvania American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of the Sadsbury Township Municipal Authority's assets, properties and rights related to its wastewater collection and conveyance system to Pennsylvania American Water Company, and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in portions of Sadsbury Township, Lancaster County, Pennsylvania
Docket No. A-2023-3042058

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 on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Erin L. Gannon

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

Enclosures:

cc: The Honorable. Katrina L. Dunderdale (**email only**)
Certificate of Service

CERTIFICATE OF SERVICE

Application of Pennsylvania-American :
Water Company Under Section 1102(a) of :
the Pennsylvania Public Utility Code, 66 :
Pa. C.S. §1102(a), for approval of (1) the :
transfer, by sale, of substantially all of :
the Sadsbury Township Municipal :
Authority's assets, properties and rights :
related to is wastewater collection and : Docket No. A-2023-3042058
conveyance system to Pennsylvania- :
American Water Company, and (2) the :
right of Pennsylvania-American Water :
Company to begin to offer or furnish :
wastewater service to the public in portions :
of Sadsbury Township, Lancaster County, :
Pennsylvania :

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. This document was also filed electronically on the Commission's electronic filing system.

Dated this 8th day of September 2023.

SERVICE BY E-MAIL ONLY

Thomas Wyatt, Esq.
Obermayer Rebmann Maxwell & Hippel LLP
Center Square West
1500 Market St., Suite 3400
Philadelphia, PA 19102
thomas.wyatt@obermayer.com
*Counsel for Sadsbury Township
Municipal Authority*

Sharon E. Webb, Esq
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
swebb@pa.gov
Counsel for OSBA

Richard A. Kanaskie, Esq.
Director and Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street – 2 West
Harrisburg, PA 17120
rkanaskie@pa.gov
Counsel for PUC

Elizabeth A. Nolan, Esq.
Department of Environmental Protection
400 Market St.
Harrisburg, PA 17101
elnolan@pa.gov
Counsel for DEP

Erin K Fure, Esq.
Pennsylvania-American Water Co.
852 Wesley Drive
Mechanicsburg, PA 17055
erin.fure@amwater.com
Counsel for PAWC

/s/ Erin L. Gannon

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

Rachel Diamond
Dawn M. Herb, Esq
Department of Environmental Protection
Southcentral Regional Office
909 Elmerton Avenue
Harrisburg, PA 17110
dherb@pa.gov
Counsel for DEP

David P. Zambito
Jonathan P. Nase
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
dzambito@cozen.com
jnase@cozen.com
Counsel for PAWC

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
717-783-5048
Dated: September 8, 2023

*4866-0548-5694

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American	:	
Water Company under Section 1102(a) of the	:	
Pennsylvania Public Utility Code, 66 Pa. C.S.	:	Docket No. A-2023-3042058
§ 1102(a), for approval of (1) the transfer, by	:	
sale, of substantially all of the Sadsbury	:	
Township Municipal Authority's assets,	:	
properties and rights related to its wastewater	:	
collection and conveyance system to	:	
Pennsylvania-American Water Company,	:	
and (2) the right of Pennsylvania-American	:	
Water Company to begin to offer or furnish	:	
wastewater service to the public in portions	:	
of Sadsbury Township, Lancaster County,	:	
Pennsylvania	:	

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 Order issued by Administrative Law Judge Katrina L. Dunderdale on August 30, 2023, the Office of Consumer Advocate (OCA) provides the following:

I. INTRODUCTION

On August 3, 2023, Pennsylvania-American Water Company (PAWC) filed an Application under Section 1102(a) of the Public Utility Code, 66 Pa. C.S. § 1102, for approval of the purchase of substantially all of the assets of Sadsbury Township Municipal Authority (STMA) and the right of PAWC to immediately offer wastewater service to the public in the area previously served by STMA. On August 24, 2023, the Office of Small Business Advocate (OSBA) filed a Protest and Notice of Intervention in response to the Application. On August 30, 2023, parties received notice

that a Prehearing Conference was scheduled for September 11, 2023. Also on August 30, 2023, ALJ Dunderdale issued a Prehearing Order directing the parties to provide prehearing memoranda by 4:00 p.m. on September 8, 2023. The OCA filed a timely Protest on September 5, 2023.

II. SERVICE ON THE OCA

The OCA will be represented in this proceeding by Senior Assistant Consumer Advocate Erin L. Gannon. 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, 5th Floor
Harrisburg, PA 17101-1923
717-780-4523
EGannon@paoca.org

The OCA respectfully requests that the Presiding Officer permit electronic service without the requirement of a follow-up hard copy. Only to the extent that materials are not available electronically, the OCA requests that one hard copy be served upon Erin L. Gannon at the above mailing address.

The OCA requests that RMarshall@paoca.org and JGuthrie@paoca.org be included on the e-mail distribution list. The OCA will extend the same courtesy to any other parties requesting that additional persons be included on the e-mail distribution list.

III. DISCOVERY

The OCA anticipates that the parties will continue to exchange information informally and does not propose any modifications to the Commission's discovery regulations at this time.

IV. ISSUES

The OCA is participating in this proceeding to ensure the interests of PAWC's and STMA's customers are protected. Section 1102 requires Applicants to show that the proposed

transaction will affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way. *City of York v. Pa. PUC*, 295 A.2d 825, 828 (Pa. 1972). In addition, the Applicant must show that the transaction is in accordance with the Public Utility Code and applicable Commission rules and regulations. 66 Pa. C.S. §§ 1102, 1301, 1501. 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:

1. Whether the proposed purchase price of \$990,000 and anticipated impact on rate base and customer rates is reasonable.
2. Whether the costs of wastewater treatment by the Christiana Borough Authority and the Township of Salisbury are recovered through the STMA rates that PAWC proposes to adopt at closing, how PAWC plans to recover those costs in its future rates, and what amount have those costs been in recent years.
3. How the transaction will affirmatively benefit PAWC and STMA customers.
4. Whether any conditions should be imposed upon the proposed transaction.

The OCA reserves the right to raise additional issues as the case proceeds and further information is obtained from PAWC and STMA.

V. WITNESSES

If necessary, the OCA will present the testimony of an expert witness. In that event, Morgan N. DeAngelo will address financial, ratemaking and policy issues raised by the proposed transfer of control.

Morgan N. DeAngelo
Regulatory Analyst
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA, 17101
MDeAngelo@paoca.org

The OCA specifically reserves the right to call 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 ALJ Dunderdale and all parties of record, immediately.

VI. PUBLIC INPUT HEARINGS

At present, the OCA is not aware of any specific requests for a public input hearing. The OCA will promptly notify the other parties and request a public input hearing if the OCA becomes aware of substantial customer interest.

VII. SCHEDULE AND SETTLEMENT

The OCA and PAWC have been exchanging information informally and working cooperatively to attempt to resolve this matter or narrow the issues. Following discussion with PAWC and OSBA, the OCA proposes that a status conference be scheduled in forty-five (45) days. If the parties have not reached agreement, the OCA proposes that a schedule for litigation could be determined at that time.

Respectfully submitted,

/s/ Erin L. Gannon

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

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

Counsel for:
Patrick M. Cicero
Consumer Advocate

Dated: September 8, 2023
*4872-2864-7550