

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Pennsylvania-American Water Company

Docket Nos. R-2023-3043189 (Water)  
R-2023-3043190 (Wastewater)

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**THE CITY OF SCRANTON'S OBJECTIONS TO  
QUESTION NUMBERS TWO (A) & THREE (A-C)  
PUT FORWARD IN THE INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
TO THE CITY OF SCRANTON SET I**

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OF THE CONSUMER ADVOCATE  
TO THE CITY OF SCRANTON SET I**

Filed on behalf of:

**The City of Scranton**

Counsel of Record for this Party:

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Dated: February 12, 2024

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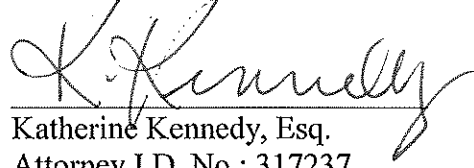
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Pursuant to 66 Pa.C.S. § 333(d) and 52 Pa. Code § 5.342, the City of Scranton (also referred to as “the City” or “Scranton”) hereby objects to the First Set of Interrogatories (“Set I”), No. 2, subpart (a), and No. 3, subparts (a), (b) and (c), propounded by the Office of Consumer Advocate (“OCA”) on or about February 6, 2024. A copy of the OCA’s Set I Interrogatories is attached to these Objections as Appendix A. In support of its Objections, the City of Scranton represents the following:

1. On or about November 8, 2023, Pennsylvania American Water Company (“PAWC” or “The Company”) filed Supplement No. 45 to Tariff Water – Pa. P.U.C. No. 5 (“Water Tariff Supplement”) and Supplement No. 47 to Tariff Wastewater – Pa. P.U.C. No. 16 (“Wastewater Tariff Supplement”), requesting an increase in its total annual operating revenues to become effective January 7, 2024.
2. On or about November 17, 2023, OCA filed its Complaint in response to the Water Company’s request for rate increase.
3. On or about January 5, 2024, the City petitioned to intervene in the above-captioned cases.
4. On or about February 8, 2024, OCA served its First Set of Interrogatories on the City. *Please see Appendix A.*
5. OCA Interrogatory Set I, No. 2(a), states as follows:  
“Ms. Cognetti references and discusses that certain Asset Purchase Agreement between PAWC and the City of Scranton dated March 29, 2016 (“APA”) pursuant to which PAWC acquired the assets of the City of Scranton’s combined sewer stormwater system (“Scranton System”). In her testimony, Ms. Cognetti discusses Section 7.07(d) of the APA where PAWC agreed to propose a rate increase in annual revenues associated with the provision of wastewater service to the customers of the Scranton System over a ten-year period no higher than 1.9% Compound Annual Growth Rate (“annual 1.9% CAGR rate increase limit” or “rate limits”).

- a. Does Ms. Cogneetti acknowledge that PAWC's actual costs to provide wastewater service to customers of the Scranton System may exceed PAWC's agreed-to annual 1.9% CAGR rate increase limit ("cost difference")?"
6. The City objects to question two, subpart (a) due to its speculative nature. By way of further answer, it is inappropriate for Ms. Cogneetti to guess, estimate, and/or make assumptions about what the Water Company *may* do in relation to the APA and its financial terms.
7. OCA Interrogatory Set I, No. 3, states as follows:  
"When the City of Scranton entered into the APA with PAWC:
  - a. Was PAWC's agreement to the annual 1.9% CAGR rate increase limit an inducement for the City of Scranton to agree to sell the Scranton System to PAWC?
  - b. Was the City of Scranton aware that PAWC would propose to collect the cost difference (see question no. 2 above for meaning of cost difference) from PAWC's water customers, including water customers located in the Scranton service area?
  - c. Based on its discussions with PAWC, did the City of Scranton believe that PAWC's shareholders would bear any part of the cost difference?"
8. The City of Scranton is a Home Rule Charter municipality located in Lackawanna County.
9. The City objects to the form of question number three and its subparts due to mischaracterization. By way of further answer, the City of Scranton is not a formal party to the Asset Purchase Agreement signed by the Water Company and the Scranton Sewer Authority.
10. In the City of Scranton's Petition to Intervene, filed on or about January 5, 2024, the City of Scranton averred in paragraph eighteen (18): "Scranton's position is particularly unique in this matter in that the Scranton Sewer Authority, a municipal authority of the City of Scranton incorporated and existing pursuant to the Municipal Authorities Act, as amended, 53 Pa. Cons. Stat. Ann. §§ 5601-5623, sold its combined sewer system to the Water Company on or about March 29, 2016."
11. This position was reiterated by and through the written testimony of the Honorable Paige G. Cogneetti, "Scranton's position is particularly unique in this matter in that the Scranton Sewer Authority, a municipal authority of the City of Scranton incorporated and existing pursuant to the Municipal Authorities Act, as amended, 53 Pa. Cons. Stat. Ann. §§ 5601-5623, sold its combined sewer system to the Water Company on or about March 29, 2016."
12. Thus, the City of Scranton respectfully objects to the second question's subpart (a) and the third question and its subparts, as written, in the OCA's First Set of Interrogatories.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "K. Kennedy". The signature is written in black ink and is positioned above a horizontal line.

Katherine Kennedy, Esq.

Attorney I.D. No.: 317237

First Assistant Solicitor, City of Scranton

570-348-4105; [kkennedy@scrantonpa.gov](mailto:kkennedy@scrantonpa.gov)

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**VERIFICATION**

I, the Hon. Paige G. Cagnetti, Mayor of the City of Scranton, hereby state that the facts set forth in the City of Scranton's Objections to the OCA's First Set of Interrogatories in the above-captioned proceedings are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to sworn falsification to authorities).

Date: February 12, 2024

  
The Hon. Paige G. Cagnetti,  
Mayor of the City of Scranton

# APPENDIX A

## Katherine Kennedy

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**From:** Earls, Keith D. <KEarls@paoca.org>  
**Sent:** Thursday, February 8, 2024 2:46 PM  
**To:** Jessica Eskra; Katherine Kennedy  
**Cc:** Gannon, Erin L.; El Atieh, Melanie J.; Evrard, David T.; Zerby, Andrew J.; Andreoli, Christopher M.  
**Subject:** Word Version of OCA Interrogatories Set 1  
**Attachments:** OCA Set 1 to City of Scranton.docx

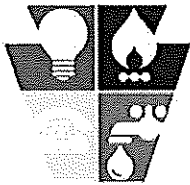
Some people who received this message don't often get email from kearls@paoca.org. [Learn why this is important](#)

Counsel,

Attached to this email please find the Microsoft Word version of the Office of Consumer Advocate's Interrogatories, Set 1 directed to City of Scranton in the above referenced proceeding. The Certificate of Service has been previously emailed to you under separate cover.

If you have any questions, please let me know.

Respectfully,



Keith D. Earls  
*he/him/his*  
Paralegal  
PA Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
O: (717) 780-4518  
C: (717) 480-9305



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**Interrogatories of the Office of Consumer Advocate to City of Scranton**  
**Set 1**

1. In the Direct Testimony of the Honorable Paige G. Cognetti, Mayor of the City of Scranton, Scranton St. 1, at p. 5, lines 137-139, Ms. Cognetti states that the OCA stated that “since the City is doing better financially, the terms of the APA are negotiable to permit the relief that they are seeking.” Scranton St. 1 at 5.
  - a. Please cite to a written document where the OCA has made this statement.
  - b. If the above-referenced statement is based on oral discussions between the City of Scranton and the OCA, please describe the date, time, location of such discussion, and provide the name of the individuals from the City of Scranton and the OCA who participated in that discussion.
2. Ms. Cognetti references and discusses that certain Asset Purchase Agreement between PAWC and the City of Scranton dated March 29, 2016 (“APA”) pursuant to which PAWC acquired the assets of the City of Scranton’s combined sewer stormwater system (“Scranton System”). In her testimony, Ms. Cognetti discusses Section 7.07(d) of the APA where PAWC agreed to propose a rate increase in annual revenues associated with the provision of wastewater service to the customers of the Scranton System over a ten-year period no higher than 1.9% Compound Annual Growth Rate (“annual 1.9% CAGR rate increase limit” or “rate limits”).
  - a. Does Ms. Cognetti acknowledge that PAWC’s actual costs to provide wastewater service to customers of the Scranton System may exceed PAWC’s agreed-to annual 1.9% CAGR rate increase limit (“cost difference”)?
  - b. Where there is a cost difference, does Ms. Cognetti believe that it is fair or reasonable that PAWC should collect some or all of that cost difference from PAWC’s water customers, including water customers located in the Scranton service area?
  - c. Where there is a cost difference, does Ms. Cognetti believe that it is fair or reasonable that PAWC’s shareholders should absorb some or all of that cost difference?
3. When the City of Scranton entered into the APA with PAWC:
  - a. Was PAWC’s agreement to the annual 1.9% CAGR rate increase limit an inducement for the City of Scranton to agree to sell the Scranton System to PAWC?
  - b. Was the City of Scranton aware that PAWC would propose to collect the cost difference (see question no. 2 above for meaning of cost difference) from PAWC’s water customers, including water customers located in the Scranton service area?
  - c. Based on its discussions with PAWC, did the City of Scranton believe that PAWC’s shareholders would bear any part of the cost difference?



**Pa. P.U.C. v. Pennsylvania-American Water Company**  
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**Set 1**

4. If PAWC enters into future asset purchase agreements with other municipality-owned water or wastewater systems to acquire the system assets, and if PAWC makes similar rate increase limit agreements as an inducement to the municipality to sell the system assets:
  - a. Does Ms. Cognetti understand and acknowledge that PAWC could propose to collect any cost difference between its actual costs to serve the customers of the acquired system and PAWC's rate increase limit agreement from PAWC's water customers, including water customers located in the Scranton service area?
  - b. Given that PAWC would make the rate increase limit agreement as an inducement to the municipality to sell its system, does Ms. Cognetti believe that it is fair for PAWC's water customers to have to pay for the cost difference between PAWC's actual costs to serve the customers of an acquired system and PAWC's agreed-to rate increase limit?
  - c. Given that PAWC would make the rate increase limit agreement as an inducement to the municipality to sell its system, does Ms. Cognetti believe that it is fair for PAWC's shareholders to bear the cost difference between PAWC's actual costs to serve the customers of an acquired system and PAWC's rate increase limit?
5. On page 5, lines 122-126, Ms. Cognetti states: "[t]he City is potentially facing a rate increase that would offend the APA, particularly in the event that any portion of the proposed water increase is shifted to the wastewater consumers, as suggested by the OCA, and therefore harm ratepayers outside of the context of the PAWC's contractual agreement and promises made by and through the APA." (emphasis added).
  - a. Please cite to a written document where the OCA has proposed to shift any portion of PAWC's proposed water increase to wastewater customers.