

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judges Mark A. Hoyer and Alphonso Arnold III, Presiding

Application of Aqua Pennsylvania Wastewater, Inc. Pursuant to Sections 1102 and 1329 of the Public Utility Code, for Approval of the Acquisition by Aqua of the Wastewater System Assets of the Greenville Sanitary Authority Situated within the Borough of Greenville, Hempfield Township, and West Salem Township, Mercer County, Pennsylvania	: : : : : : : : :	Docket No. A-2023-3041695
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**PREHEARING MEMORANDUM OF
GREENVILLE SANITARY AUTHORITY**

AND NOW, comes the Greenville Sanitary Authority. (hereinafter referred to as “GSA”) and submits this Prehearing Memorandum in connection with the Telephonic Prehearing Conference to be held on July 17, 2024, at 10:00 a.m.

I. BACKGROUND

This proceeding concerns the Application of Aqua, filed with the Pennsylvania Public Utility Commission (the “Commission”) on November 17, 2023, for approval of its acquisition of the wastewater system assets of the Greenville Sanitary Authority (“GSA”) pursuant to Sections 1102 and 1329 of the Public Utility Code (the “Code”). The Application also includes a request for approval of certain municipal contracts pursuant to Section 507 of the Code.

By correspondence dated May 2, 2024, the Commission conditionally accepted the Application for filing and directed Aqua to serve copies of the Application upon designated entities, to provide individualized notice to affected customers, to publish notice of the filing of

the Application in a newspaper of general circulation, and to provide additional information concerning the proposed acquisition of the GSA System. Aqua has satisfied all requirements.

By correspondence dated June 21, 2024, The Commission informed Aqua that it accepted the Application for filing and that the matter would be assigned to an Office Administrative Law Judge for disposition.

Administrative Law Judges Marky A. Hoyer and Alphonso Arnold III were assigned to preside over the proceedings.

Judges Hoyer and Arnold issued a Prehearing Conference Order on June 26, 2024. Pursuant to Paragraph 2 of the Prehearing Conference Order the parties are directed to file and serve a prehearing memorandum on or before 12:00 p.m. on July 16, 2024.

II. LIST OF ISSUES AND GSA'S POSITION IN REGARD TO SAME

There are three central issues in this proceeding, each of which is set forth below followed by GSA's position.

Issue No. 1: Is Aqua's acquisition of the wastewater system assets of GSA necessary or proper for the service, accommodation, convenience or safety of the public?

GSA's Position: Aqua's acquisition of the wastewater system assets of GSA is necessary and proper for the service, accommodation, convenience or safety of the public. The Commission should issue certificate(s) of public convenience approving the acquisition. In support of this conclusion GSA submits the following:

- a. Aqua has the technical, regulatory, financial and legal expertise to operate the assets of GSA, and to maintain the operations and make improvements to meet continuing and future customer needs while GSA and the Borough of Greenville have had an increasingly difficult time in keeping up with the operation of the system.

- b. The proposed transaction will not have an adverse effect on the service provided to existing customers of GSA. It is anticipated that the quality of service will be improved.
- c. The GSA has agreed to sell its Assets. The public's interest and needs will be served by allowing Aqua to provide wastewater service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures.
- d. The GSA system will benefit from the support of wastewater professionals throughout Aqua's organization as GSA has had difficulty recruiting individuals with the necessary skill to operate and maintain its facility.
- e. The acquisition is consistent with the Commission's long-standing policy supporting the consolidation/regionalization of water/wastewater systems. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale, and the resulting greater environmental/economic benefits.
- f. The Commission has previously stated that "acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry. The benefits of consolidation/regionalization benefit customers, both existing and acquired.
- g. The acquisition of the GSA system will increase Aqua's customer base by approximately 4%. With a larger customer base, future infrastructure investments, Statewide, will be shared at a lower incremental cost per customer for all Aqua customers; and
- h. The acquisition will not have any immediate impact on the rates of the existing customers of Aqua or the GSA.

Issue No. 2: Pursuant to Section 1329 of the Code, what is the ratemaking rate base of the water system assets of the GSA?

Aqua's Position: The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$18,000,000, being the lesser of the purchase price of \$18,000,000 negotiated by Aqua and the GSA and the average of the fair market value appraisals which is \$20,977,920 – determined by \$23,260,000 presented in the appraisal of Gannett Fleming Valuation and Rate Consultants and \$18,695,839 presented in the appraisal of Scott Madden.

Issue No. 3: Pursuant to Section 507 of Code, is the Asset Purchase Agreement (“APA”) between Aqua and GSA valid and should the municipal agreements of GSA be assigned to Aqua?

Aqua’s Position: The APA between Aqua and the GSA is valid, and the GSA’s municipal agreements should be assigned to Aqua under Section 507 of the Code. The Agreement was lawfully entered into by the Board of GSA by public vote, said vote taking place after significant public input was received and considered.

III. WITNESSES

The following statements of written direct testimony were attached to the Aqua Application when it was submitted to the Commission on November 17, 2023.

<u>Application</u>	<u>Statement</u>	<u>Witness</u>	<u>Subject Matter</u>
Exhibit U	Greenville Statement No. 1	Jasson W. Urey	GSA System and Operations
Exhibit V	Greenville Statement No. 2	Dylan W. D’Ascendis	ScottMadden Fair Market Value Appraisal

GSA reserves the right to call additional witnesses, as necessary, and agrees to notify ALJ’s Hoyer and Arnold and the parties promptly should GSA determine that additional witnesses will be called.

IV. LITIGATION SCHEDULE

GSA has conferred with the Commission’s Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Intervenors GSA and the Borough of Greenville (“Greenville”) on a proposed litigation schedule using the Reply Brief date of September 5, 2024, as set forth in the Prehearing Conference Order. Aqua, I&E, OCA, OSBA, GSA, and Greenville had tentatively agreed to a proposed schedule, set forth below, but understand that the hearing dates will need to be moved due to conflicts. Aqua will be prepared to discuss the procedural schedule at the Prehearing Conference.

Event	Proposed Dates
Acceptance of Application	Friday, June 21, 2024
Prehearing Conference	Tuesday, July 16, 2024
Other Parties’ Direct Testimony	Friday, July 26, 2024
Public Input Hearing (“PIH”) (Telephonic)	Tuesday, July 30, 2024, at 6 p.m.
Rebuttal Testimony	Friday, August 2, 2024
Surrebuttal Testimony	Friday, August 9, 2024
All-Party Testimony in Response to PIH	Friday, August 9, 2024
Oral Rejoinder Outline	Tuesday, August 13, 2024
Evidentiary Hearings	Thursday, August 15, 2024 (2 nd date TBD)
Main Briefs	Tuesday, August 27, 2024
Reply Briefs	Thursday, September 5, 2024

V. SETTLEMENT

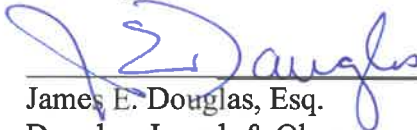
GSA is willing to address settlement of all or part of the proceeding with the other parties in the proceeding.

VI. DISCOVERY MODIFICATIONS

GSA is not proposing any modifications to the discovery deadlines set forth in the Prehearing Conference Order.

Respectfully submitted,

GREENVILLE SANITARY AUTHORITY

By: 
James E. Douglas, Esq.
Douglas, Joseph & Olson
409 N. Hermitage Road
Hermitage, PA 16148
(724) 981-7333
jedouglas@douglasjoseph.com

Date: July 15, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania : Docket No. A-2023-3041695
Wastewater, Inc. Pursuant to Sections 1102 : :
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Approval of the Acquisition by Aqua of the : :
Wastewater System Assets of the Greenville : :
Sanitary Authority Situated within the : :
Borough of Greenville, Hempfield Township, : :
and West Salem Township, Mercer County, : :
Pennsylvania : :

CERTIFICATE OF SERVICE

I, James E. Douglas, hereby certify that a true and correct copy of the Greenville Sanitary Authority Prehearing Memorandum in connection with the above-referenced docket was served on the following individuals on this 15th day of July, 2024, as indicated below.

VIA E-FILE AND ELECTRONIC MAIL

PA PUC

Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105
Rosemary Chiavetta, Secretary
rchiavetta@pa.gov

OAL

ALJ Alfonso Arnold III
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120
alphonarno@pa.gov

Deputy Chief ALJ Mark A. Hoyer
Pennsylvania Public Utility Commission
301 Fifth Avenue, Suite 220
Pittsburgh, PA 15222
mhoyer@pa.gov

I&E

Carrie B. Wright, Esquire
Allison Kaster, Esquire
Bureau of Investigation and Enforcement
carwright@pa.gov
akaster@pa.gov

OCA

Gina L. Miller, Assistant Consumer Advocate
Jacob D. Guthrie, Assistant Consumer Advocate
Office of Consumer Advocate
GMiller@paoca.org
JGuthrie@paoca.org

OSBA

Rebecca Lyttle, Esquire
Steven C. Gray, Esquire
Office of Small Business Advocate
relyttle@pa.gov
sgray@pa.gov

INTERVENORS

James E. Douglas, Esq.

jedouglas@douglasjoseph.com

*Counsel for Greenville Sanitary Authority
and Greenville Borough*

PROTESTANT

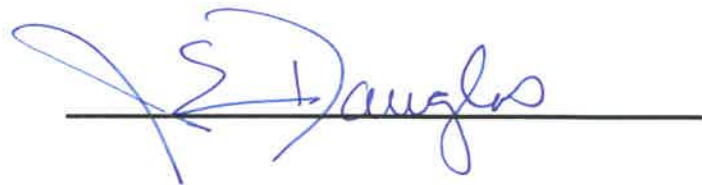
Keith Gabage

607 Plum Run Dr.

West Chester, PA 19382

gabagek@gmail.com

(served via U.S. Mail and Email)

A handwritten signature in blue ink, reading "J E Douglas", is written over a solid black horizontal line. The signature is cursive and includes a large initial "J" and "E" followed by the name "Douglas".