

COMMONWEALTH OF PENNSYLVANIA



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November 20, 2018

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

Re: Implementation of Section 1329 of the
Public Utility Code
Docket No. M-2016-2543193

Dear Secretary Chiavetta:

Attached for electronic filing are the Reply Comments of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink that reads "Christine Maloni Hoover".

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Enclosures:

cc: Shaun Sparks, Law Bureau
Certificate of Service
*262594

CERTIFICATE OF SERVICE

Re: Implementation of Section 1329 of : Docket No. M-2016-2543193
the Public Utility Code :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Comments 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 20th day of November 2018

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I. INTRODUCTION

The Office of Consumer Advocate (OCA) appreciates the opportunity to provide Reply Comments to Comments filed with the Public Utility Commission (Commission or PUC) regarding the Tentative Supplemental Implementation Order addressing Section 1329 of the Public Utility Code (2018 Tentative Supplemental Implementation Order or TSIO). The Tentative Supplemental Implementation Order was entered on September 20, 2018. On November 5, 2018, Comments were filed by the OCA, Aqua Pennsylvania (Aqua), Bureau of Investigation and Enforcement (I&E), Chester Water Authority, Herbert, Rowland and Grubic (HRG), Pennsylvania-American Water Company (PAWC), Pennsylvania Municipal Authorities Association (PMAA), Suez Pennsylvania (Suez), and York Water (York). The OCA submits these Reply Comments in response to Comments filed to the Tentative Supplemental Implementation Order.

II. COMMENTS

Checklist for Applications Requesting Section 1329 Approval

Regarding the proposed amended Checklist, York Water commented that the Checklist is onerous and requires the Buyer to provide unnecessary information. York Water at 1-2. York argues that Technical Utility Services (TUS) could reduce its workload by establishing a materiality threshold such as a cost per customer or overall cost not to exceed \$5 million, for example, that would need to be met before the Checklist would apply. Id.; see also Suez Comments at 1-2 (suggesting creation of a short form checklist for acquisitions based on number of customers or dollar amount of transaction). The OCA understands the concerns raised by York Water and Suez, but the use of a materiality threshold or a short form checklist for certain transactions would ignore that there may be some applications and transactions which would not meet the materiality threshold, however it might be defined, but would still have a major impact on rate base and rates and that would need to be fully examined. By removing the requirements in the Checklist, or shortening the Checklist, TUS and the parties would be at a major disadvantage in reviewing that Application within the statutory deadline. Suez also argues that a modified checklist should apply if the two appraisals are within 10% of each other and if the average cost per customer is within 10% of Buyer's cost per customer. Suez Comments at 2. For the same reasons, the OCA submits that using these "indicators" would not be reasonable. For example, the two appraisals could both have issues that would need to be addressed by the Commission but may not be able to be thoroughly reviewed if some of the proposals are adopted. Regarding the use of a cost per customer to determine the level of review, it may not be a reliable indicator once the company's plant numbers include a combination of depreciated original cost and fair market value.

Notice

A number of stakeholders provided comments regarding notice of Section 1329 applications. See Aqua Comments at 7-11; PAWC Comments at 4-7; PMAA Comments at 3; the impact of McCloskey v. Pa. Public Utility Commission, 1624 C.D. 2017 (Pa. Commw. 2018)(New Garden) on the notice requirements related to Section 1329 applications. See Aqua Comments at 7-10; PAWC Comments at 4-7. In New Garden, Commonwealth Court found that direct notice to both the existing and to-be-acquired customers was required because the ratemaking rate base determination is made in the Section 1329 proceeding pursuant to Section 1329(c). New Garden, at 26. The Commonwealth Court held that newspaper notice in the territory that was being acquired along with Pennsylvania Bulletin notice of the filing of the Application was not sufficient. Id., at 22. The OCA, as the appellant, agrees that direct notice to customers is required and is willing to work with the Commission and stakeholders to develop a notice that provides sufficient information regarding the rate impact on customers of the Section 1329 filing, and provides information on what a customer can do in response to the notice. The OCA is also willing to work with the Commission and stakeholders to try to develop an agreed upon process for how the notice will be provided to the existing and to-be-acquired customers.

In its Comments, Aqua states that it does not agree that notice is required (Item 18 of the Application Checklist). Aqua Comments at 7. As set forth above, the OCA submits that New Garden addressed that issue.¹ Aqua also states that it is unclear whether the Commission is requiring notice to existing customers, or to acquired customers or to both. Aqua Comments at 7. It states that it does not agree with providing notice to existing and acquired customers. Aqua Comments at 8. As noted, Aqua has filed a Petition for Allowance of Appeal. However, New

¹Aqua filed a Petition for Allowance of Appeal on November 8, 2018. McCloskey v. Pa. Pub. Util. Comm'n, 743 MAL 2018 (Nov. 8, 2018).

Garden applies and addresses Aqua's issue. Aqua's reliance on the notice requirements for Section 1102 applications is misplaced. Section 1329 involves, by definition, a ratemaking rate base determination (that is not done in Section 1102 applications). As a result, as the Commonwealth Court found in New Garden, there are due process issues that need to be addressed by providing customers, existing and acquired, with notice of the filing of the Section 1329 Application. Aqua also states that notice will be confusing to customers and that there could be multiple notices each year. Aqua Comments at 10. The OCA would welcome the opportunity to address the content of the notice with stakeholders and the Commission. It is possible that customers may receive multiple notices each year, but the impact on customers of each application, and thus the due process requirements, including notice, are the key points, so providing accurate, understandable notices will be important.

In its Comments, PAWC raises questions regarding who is to receive the notice and how the Seller's customers will receive the notice. PAWC Comments at 4-7. PAWC specifically asks the Commission to address the means by which the buyer can lawfully obtain customer information from the seller. PAWC Comments at 4. The OCA is ready to discuss these issues with stakeholders but it is clear that the Seller has access to its own customer information and can work with the Buyer to ensure that the notice is provided to those customers. This is a term that could be addressed in the Asset Purchase Agreement where the Buyer and Seller agree on the regulatory approvals, including Commission approval, that are necessary to effectuate the transaction.

PAWC also proposes that the notice to customers should not be provided until the application is accepted. PAWC Comments at 4. Given the extremely short time frame for the litigation (see PAWC Comments at 13), the OCA is concerned that waiting until the application

is accepted would mean that the litigation portion of the proceeding would be over before affected customers would be able to participate in the proceeding. The OCA proposes that the notice be provided during the 30 day billing cycle² leading up to the filing of the application so that customers would have the opportunity to participate when the case is accepted. The OCA remains willing to discuss the timing of the notice with the Commission and stakeholders.

PAWC also comments that a bill message or bill insert would be most cost effective. PAWC Comments at 5. That appears to be reasonable from a cost perspective but OCA is unaware of what constraint there may be regarding the length of the notice that could be accommodated in bill messages or inserts. A discussion among the stakeholders would be helpful on this issue especially because the constraint, if any, may vary from company to company. PAWC also proposes a two-track litigation schedule and hearing process, with the second track being paper comments. PAWC Comments at 6.

PAWC cites to two cases for the proposition that paper hearings satisfy due process. In Pa. Dental Assoc. v. Commw. Ins. Dep't, 551 A.2d 1148 (Pa. Commw. 1988) (PDA), the court held that written submissions relating to economic and statistical questions may be adequate, but that oral proceedings may be needed “for determinations likely to turn on witness credibility.” PDA, at 1152. Similarly, in Pa. Soc. Of Oral & Maxillofacial Surgeons, the court held that publication in the Pennsylvania Bulletin was sufficient notice and that the opportunity to submit written statements was enough to meet due process standards. Pa. Soc. Of Oral & Maxillofacial Surgeons v. Ins. Comm'r of Commw., 513 A.2d 1086 (Pa. Commw. 1986) (PSOMS).

² As PAWC explained, some municipalities may bill quarterly and a direct mailing to those customers may be the only way to reach them in a timely manner. PAWC Comments at 6, footnote 2.

Regarding Section 1329, Commonwealth Court held that Pennsylvania Bulletin notice and newspaper notice was not sufficient and direct notice to individual consumers was required. New Garden at 22, 26.

Procedural due process requirements are determined by the “private interest at stake, the value of any additional procedural safeguards, and the government’s interest in proceeding without providing such procedures.” Pa. Coal Mining Assoc. v. Ins. Dep’t, 471 Pa. 437, 454, 370 A.2d 685, 694 (Pa. 1977) (Coal). A full hearing was unnecessary, in part, because the hearing would delay insurance carriers from receiving their “adequate premiums.” Coal, at 454, 694. In New Garden, Commonwealth Court found that substantial property interests were at stake in Section 1329 applications and thus, direct notice and a meaningful opportunity to be heard was required before the Commission acted on the application. New Garden at 23. The OCA does not agree that the two track process proposed by PAWC meets the requirements of due process in a Section 1329 proceeding.

Public Meetings and Six months requirement

Regarding the timing of the filing of an Application and the scheduled public meeting dates, Aqua states that it will take the 10 day review process and public meeting schedule into account when determining when to make a Section 1329 filing. Aqua Comments at 12-13. Aqua also states that it opposes the five day extension of 10 day review period as proposed in the TSIO if it will avoid a consideration period of less than 170 days. Aqua Comments at 13. While the OCA appreciates Aqua’s willingness to take into account the 10 day review period and the Public Meeting schedule when determining when to file its Application, its opposition to a five day extension to the 10 day review period to avoid a consideration period of less than 170 days is not reasonable. Even with up to a 5 day extension of the review period, the proceeding will be

completed within the 180 days permitted by statute, and the extension will benefit all parties. PAWC also commented that the extension of up to 5 days is not necessary because the Commission has notational voting. PAWC Comments at 7-8. As explained in the OCA's Comments (at 6), notational voting should be used as a last resort and only if other options will not work to ensure a minimum of 170 days for the proceeding.

PAWC also asks the Commission to take this opportunity to consider the timeline for the 1329 proceeding, including certification of the record, in order to give parties more time to prepare and litigate their cases. PAWC Comments at 8. The OCA agrees that certification of the record is one option that would provide more time to prepare and litigate the case. See OCA Comments at 23 to Tentative Implementation Order. The OCA also supports additional discussions on this topic involving interested stakeholders.

Standard Data requests

Numerous comments were provided regarding the proposed standard data requests. The use of standard data requests that can be prepared by the Buyer, in advance of the filing of the Application, provide a benefit to all parties. It allows the Buyer to prepare the responses under a more reasonable time frame than during litigation. It allows the intervening parties to review the information and use the limited time for discovery to address information that is specific to the transaction and appraisals. The OCA supports the standard data requests but would note that they should not be seen as a replacement for discovery that parties may propound in a specific application proceeding. OCA Comments at 7, footnote 7.

PAWC provides two general comments regarding the standard data requests. PAWC Comments at 9. First, PAWC argues that it should not have to answer TUS data requests once a protest is filed. Suez also commented that TUS data requests should not have to be answered

once the protest is filed. Suez Comments at 2-3. The OCA understands the desire to avoid duplication but would submit that answers to the TUS data requests could avoid requiring the parties asking similar questions and restarting the time for responses in an already abbreviated litigation timeframe.

Second, PAWC argues that the standard data requests proposed by the Commission in the TSIO are too burdensome, and they seek information that is not pertinent to application. The OCA submits that the information is pertinent and as set forth above, the standard data requests will remove the pressure of answering the same questions during the expedited litigation time period.

Third, PAWC states that discovery modifications are not necessary if there are standard data requests. PAWC Comments at 11-12. PAWC proposes that the Commission establish a presumption of a seven day discovery response period. The OCA submits that the Commission clearly recognized that discovery modifications may be necessary along with the standard data requests. See TSIO at 16-17. The standard data requests are not a substitute for discovery modifications. Moreover, the parties have used reasonable discovery modifications in all of the 1329 filings to date. If any presumption is created, then the OCA submits that the response period should be five days as it has been in many Section 1329 filings.

Aqua filed comments indicating its opposition to a number of the standard data requests. Aqua Comments at 13-21. The OCA will address Aqua and PAWC comments below.

Q.1. Estimate the potential range of monthly cost impact on existing and acquired customers following the Buyer's next base rate case, utilizing (a) a scenario in which the acquired system's cost of service is fully allocated to the acquired customers and (b) a scenario in which any anticipated cost of service revenue deficiency associated with the acquired system is shared equally by acquired customers and existing customers. In the case of a wastewater acquisition, assume no combined water and wastewater revenue requirement.

Aqua stated that it does not oppose this standard data request under certain conditions. Aqua Comments at 14. Specifically, Aqua stated that this information can be considered estimates and nothing more. Id. Aqua stated that it cannot be held to these estimates in a future rate case. Id. The OCA understands Aqua’s concern but the questions specifically asks for an **estimate** of the monthly cost impact on existing and acquired customers. Aqua also states that the question “has the potential of turning each Section 1329 proceeding in to a full base rate inquiry”. Aqua Comments at 14. The concern raised about a full base rate case is unfounded. As discussed below, the Buyer can calculate a revenue requirement associated with the acquired plant, operation and maintenance expenses, and return. That does not constitute a full blown rate case. That information along with the estimates of the rate impact are important in Section 1329 cases precisely because Section 1329 already requires a ratemaking rate base determination. Under Aqua’s approach, the ratemaking rate base would be determined without any information about the impact on rates to the existing and acquired customers. The OCA will note that the estimates need to be free of assumptions that could skew the real impact. For example, if the Buyer is assuming growth in the acquired system, and they factor that growth into their estimates, it may not present a realistic picture of the costs of the system. In addition, it is important that the assumption stated in the question (no combined water and wastewater revenue requirement) be followed. That will permit all stakeholders to understand the impact of the proposed transaction. Allowing the Buyer to assume that any of the cost can be spread to existing customers would minimize the impact of the ratemaking rate base.³

³ York Water proposes that the extensive use of Section 1329 in combination with the ability to spread costs under Section 1311 “unreasonably favors only the largest utilities and should not be allowed” other than in limited circumstances where the Buyer already provides water service to the same group of customers. York Water Comments at 2. The OCA agrees.

Q.4- Provide an estimate of the annual revenue requirement of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

Aqua opposes this standard data request because it asks for a cost of service study to be provided in the application. Aqua Comments at 15. The OCA submits that Aqua's interpretation is not supported. Asking the Buyer to provide an estimate of the annual revenue requirement and the assumptions used in calculating that revenue requirement is not the same as a cost of service study. See, e.g., 52 Pa. Code § 53.53 Exh. D, VIII Rate Structure and Cost of Service (sets forth Commission requirements for a cost of service study for water and wastewater utilities). Calculating the revenue requirement for the Buyer to serve the municipal system is something that is based on information that the Buyer already has.

Q. 7 In the next rate case, does buyer anticipate include [sic] the acquired system in a combined revenue requirement?

Aqua opposes this standard data request because it asks the Buyer to make forward looking statements regarding rate design which Aqua thinks is speculative. Aqua Comments at 17. PAWC also opposes this question and characterizes it as "premature". PAWC Comments at 10-11. First, the question asks what the buyer anticipates, and does not lock in any particular response. Moreover, what the Buyer anticipates is important to understand, especially if the rate impact of the transaction is reasonable only if the Buyer uses the combined revenue requirement option.

Q. 9 Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

Aqua opposes this data request because the Buyer may not have received a completed title report from its title agent at time application is filed. Aqua Comments at 16. The OCA submits that if the Buyer has not received all of the information at the time of filing, the Buyer

can list the information that it has and indicate that it is waiting for additional information. This information is important because it is helpful to know what rights of way the Buyer needs to be able to provide service.

Q.10 Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

PAWC commented that the question is premature and that there is no need to estimate transaction and closing costs or provide invoices to support any costs that have already been incurred because these costs will be dealt with in next rate case. PAWC Comments at 10. Section 1329 requires an application to include the “transaction and closing costs incurred by the acquiring public utility that will be included in its rate base.” 66 Pa. C.S. §§ 1329(d)(1)(iv). This data request simply asks for a breakdown of the costs that are required to be included with the application and invoices for any costs that have already been incurred. This data request is reasonable and consistent with the statutory requirements.

Q. 11 Please describe general expense savings and efficiencies under Buyer’s ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

Aqua opposes this question because it asks for speculative information and “many efficiencies are realized through operation of the system.” Aqua Comments at 17. The OCA submits that if the Buyer projects any expense savings or efficiencies as part of the acquisition, the Buyer should be able to identify, describe, and support these efficiencies. The data request would require the Buyer to support its position and provide more than general statements that there are efficiencies as part of the transaction.

Q. 13 Please provide a copy of all proposals received by Seller and any accompanying exhibits with respect to the proposed sale of the system.

Aqua opposes this data request because the information requested may not be public, may be protected by confidentiality, and “could create competitive disadvantage between competing utilities.” Aqua Comments at 17. In addition Aqua states that the documents are in the possession of the Seller. *Id.* This data request is directed to the Seller. The Seller, as a party to the Asset Purchase Agreement that is part of the Application, should be a party to the proceeding and, to date, has been a party in each of the 1329 proceedings. Thus, the Seller would be in possession of the documents and could provide the document pursuant to a confidentiality agreement.

Q. 14 Please provide a copy of any proposals or exhibits made by Buyer for the purchase of Seller that have not already been provided.

Aqua opposes this data request because it is overbroad, may include documents that are highly confidential, or are protected by attorney client privilege, or competitive in nature. Aqua Comments at 17-18. The OCA submits that this question could be clarified to address Aqua’s concerns by restricting the question to proposals or exhibits that were provided by Buyer to the Seller.

Q. 15 Has Buyer made any previous offer to purchase the Seller wastewater system? If yes, provide a copy of the offer and relevant communications.

Aqua opposes this request because it is overly broad and states that it should be limited to the offer of the Buyer and the Seller’s response to that offer. The OCA submits that the question could be clarified to show that it is requesting communications between the Seller and the Buyer, and is not seeking any internal communications of the Buyer or Seller.

Q. 16 For each UVE in this case, please provide the following:

- a. A list of valuations of utility property performed by the UVE;*
- b. A list of appraisals of utility property performed by the UVE;*

- c. *A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and*
- d. *An electronic copy of any testimony in which the UVE testified on fair value acquisitions.*

Aqua opposes this data request because the valuations and appraisals may be private.

Aqua Comments at 18. If the appraisals are private, and not part of public proceeding, then the information could be redacted and a description could be given (“a 4,000-connection wastewater system in northeast Pennsylvania”). Aqua also claims that the docket numbers should be sufficient, but in Pennsylvania, that would not be sufficient because testimony is not posted on the Commission’s website. If electronic links are available for other jurisdictions where the UVE testified, then the electronic link would be acceptable. However, it is important to note that the UVE has this information readily available and providing it would not be burdensome.

PAWC also commented that the information in subpart d was unnecessary because TUS could go to the file room at the PUC and that the cost outweighs the benefits.. PAWC Comments at 11. First, the OCA would note that the information sought by the standard data requests is not just for TUS, but will be a benefit for all parties. Not all parties can easily access the Commission’s file room. Moreover, and more importantly, the cost for the UVE to provide the information requested is minimal given that the UVE will keep this information as a normal part of its business and given that the question permits electronic submission of the information.

Q.26. Are there any outstanding compliance issues that the Seller’s system has pending with the PA Department of Environmental Protection. If yes, provide the following information:

- a. *Identify the compliance issue(s);*
- b. *Provide an estimated date of compliance;*
- c. *Explain Buyer’s plan for remediation;*

- d. Provide Buyer's estimated costs for remediation; and,*
- e. Indicate whether the cost of remediation was factored into either or both fair market valuation appraisals offered in this proceeding.*

Aqua opposes this data request to the extent it is required to provide specifics regarding estimated dates of compliance, plans for remediation, estimate cost for remediation and if those costs were factored into the appraisals. Aqua Comments at 20. The OCA submits that subsections a and b may be addressed in the asset purchase agreement's appendices. Regarding the Buyer's plans for remediation and the estimated costs, it seems likely that the Buyer would have made some estimate so that it understood what exposure it would have related to the compliance issues. The question does not appear to require an engineering study. Finally, whether the UVEs factored the costs to remediate the issue into their appraisals would be something that should be readily known based on the appraisals.

Q. 27 Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:

- a. Identify the compliance issue(s);*
- b. Provide an estimated date of compliance;*
- c. Explain Buyer's plan for remediation;*
- d. Provide Buyer's estimated costs for remediation; and*
- e. Indicate whether the cost of remediation was factored into either or both fair market valuation appraisals offered in this proceeding.*

Aqua opposes this data request in part for the reasons set forth above regarding Standard Data Request 26. Aqua Comments at 20. As stated above, the OCA submits that Aqua's opposition is unfounded.

USPAP

Aqua proposes a range of review by the Commission that is dependent on the average cost per acquired customer of each transaction. Aqua Comments at 21-22. Specifically, Aqua proposes: if the average cost per acquired customer is greater than \$15,000, then the Commission will conduct a more thorough review; if the average cost per acquired customer is between \$7,500 and \$15,000, then the Buyer would provide documentation of the stand-alone rate impact on the acquired customers, and finally, if the average cost per acquired customer is less than \$7,500 there would be less review, because it would presumably be more likely to be in the public interest.

The OCA does not support generic criteria for deciding what kind of review the application should receive. The cost per customer is only one piece of a very large puzzle. For example, if a system is dilapidated and falling down and needs a large amount of investment, \$7,500 or even \$4,000/customer could be excessive. There is a similar problem with simply comparing the average cost per acquired customer to the existing cost per customer.⁴ The cost per customer simply does not address the validity of the appraisals, the reasonableness of the purchase price for the acquired system or the standards for approval of such applications.

Jurisdictional Exceptions

Cost Approach

HRG states that the Cost approach should not exclude overhead costs because the costs are fundamental in reproducing the system. HRG Comments at 2-3. Overhead costs should not be added to the known original cost. If there were a situation where overhead costs were warranted, the UVE should demonstrate 1) that overhead costs are definitively not already part

⁴One criteria that is consistently useful is the purchase price compared to depreciated original cost. The OCA does not propose that this information be used in lieu of a thorough review.

of the original cost and 2) an actual breakdown of overhead costs incurred. Simply using a percentage of the cost of the mains is speculative and not sufficient information.

UVE Testimony

PAWC proposes that if the Seller declines to intervene in the Application, and the Buyer declines to sponsor Seller's UVE testimony, then the PUC should *sua sponte* enter the testimony into the record so long as the testimony is properly authenticated. PAWC Comments at 3. The OCA would note that one solution to this hypothetical is to join the Seller as an indispensable party.

Other Issues

Cost of Service

Suez proposed that there be prompt movement to true cost of service for the acquired customers and stated that spreading costs among all customers creates an uneven playing field. Suez Comments at 3. The OCA supports movement to the cost of service, however, the OCA would note that the exact time frame is dependent on the current rates and the cost of service for the acquired system, which will not be known until the first rate case. That is why the OCA has proposed the use of a separate rate zone for each 1329 acquired system.

Scope and Standard of Review

In its Comments (at 13-15), PAWC recommends that the Commission establish guidelines on how the Commission will exercise its authority to adjust appraisals and establish a scope and standard of review for consideration of proposed adjustments to UVE's valuation. The OCA submits that the Commission has already done that in the context of the six Section 1329 proceedings that it has addressed to date. PAWC also argues that the Commission can adjust an appraisal based on one of three grounds (mathematical error, abused its discretion

under USPAP, or committed fraud or acted illegally or in bad faith). PAWC Comments at 14. The OCA submits that those are certainly proper reasons for adjusting an appraisal. However, the Commission has already stated that it can review and adopt adjustments on other grounds.⁵ PAWC's position should be rejected.

⁵ Application of Aqua Pennsylvania Wastewater, Inc. Pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of Limerick Township, Docket No. A-2017-2605434, Order at 36 (Order entered Nov. 29, 2017)

Application of Aqua Pennsylvania Wastewater, Inc. Pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of New Garden Township and the New Garden Township Sewer Authority, Docket No. A-2017-2580061, Order at 52, 53 (Order entered June 29, 2017)

III. CONCLUSION

The OCA thanks the Commission for the opportunity to provide Reply Comments on the Tentative Supplemental Implementation Order. The OCA respectfully requests that the Commission carefully consider the points and issues it raises in OCA's Comments and in these Reply Comments and to adopt those points in its Final Order. The OCA looks forward to continuing to work with the Commission, Staff, and stakeholders on these important issues.

Respectfully Submitted,



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DATED: November 20, 2018
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