



July 15, 2020

Via Electronic Filing

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

Re: Application of 52 Pa. Code § 3.501 to Certificated Water and Wastewater Utility Acquisitions, Mergers, and Transfers, L-2020-3017232

Comments of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania to the Advanced Notice of Proposed Rulemaking

Dear Secretary Chiavetta,

On behalf of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)¹, please accept the following brief letter comments in response to the Commission's April 30, 2020 Advanced Notice of Proposed Rulemaking Order at the above noted docket.

On April 30, 2020, the Commission issued an Advance Notice of Proposed Rulemaking (ANOPR) Order regarding potential changes to the regulations governing acquisitions, mergers, and transfers of water and wastewater utilities; specifically, section 3.501 of the Commission's regulations. On May 16, 2020, the ANOPR was published in the Pennsylvania Bulletin for public comment. The Commission's ANOPR proposes, in short, to exempt established water and waste water utilities from a number of current requirements for approval of an acquisition, merger, or transfer of a water or waste water utility.

¹ CAUSE-PA is an unincorporated association of low and moderate income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to low and moderate income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping economically vulnerable households to maintain affordable access to utility services and achieve economic independence and family well-being.

In response to the Commission's ANOPR, CAUSE-PA asserts that if the Commission is to exempt established water and wastewater companies from certain requirements associated with the utilities' presumed technical and financial fitness, it must also take steps to ensure that exempt utilities apply their advanced expertise and resources to protect consumers from the rate impact of a proposed acquisition, merger, or transfer.

The economic impact of water and wastewater acquisitions on low-income customers should be considered as a preliminary matter in these proceedings, and should be subject to appropriate disclosures for the Commission and interested parties to assess whether a proposed acquisition, merger, or transfer of a water or wastewater utility will promote universal accessibility and affordability of service. To ensure that the Commission has sufficient information to conduct such an assessment, all applicants should be required to provide an analysis about the impact of the proposed acquisition on the low-income customers of both the acquiring utility and the acquired utility, as well as a plan to mitigate any harmful economic impact to these groups of customers – including the creation or expansion of universal service programming to ensure that customers of the acquired and acquiring companies (or merged/merging and transferred/transferring companies) will be able to connect with and maintain affordable water and waste water service in their home.

In the ANOPR, the Commission seeks comment about the expected benefits of reducing requirements applicable to established utilities and how those benefits may be passed on to ratepayers. When private companies take over smaller, publicly owned water and sewer systems they often bring steep rate increases. Thus, for low-income ratepayers, the primary benefit of simplifying the acquisition process would be the ability to access established customer assistance programs maintained by established utilities, which would not otherwise be available through smaller utilities. This is not only a benefit to such households, it is a necessity to help mitigate the impact of rate increases that follow such acquisitions.

Thus, CAUSE-PA respectfully recommends that, if the Commission moves forward with revising its regulations to simplify the application process for established utilities, additional paragraphs should be added to 52 Pa. Code 3.501(a)(4) Rates, requiring the following:

52 Pa Code 3.501(a)(4) Rates:

(iii) Established utilities applying under the simplified application process shall provide:

(A) An analysis of the impact the proposed transaction will have on universal service.

(B) An analysis of the impact the proposed transaction will have on existing low-income programs and participants.

(C) A needs assessment indicating whether the utility's existing low income programs are adequate to address the need within the expanded service territory.

This information will help ensure that such acquisitions, mergers, or transfers do not negatively impact low-income communities and that they are not contrary to public interest. Clean, safe, reliable, and affordable water and wastewater service is a necessity for all Pennsylvania households. In the current COVID-19 pandemic, this fact has become readily apparent as access to clean running water is imperative to help curb the spread of the virus through proper

handwashing and sanitation. However, even in relatively good economic times, low-income consumers often struggle to afford to maintain water and wastewater service and often must make impossible choices and tradeoffs between necessities such as utility service, rent, food, or medicine. For many families, that struggle will no doubt be worsened in the current economic and public health crisis – which may reverberate across our economy for many years to come.

Careful consideration must be given to the continued ability of low-income households to connect to and maintain affordable water and wastewater service. If established water and wastewater utilities are to be presumed to bring a certain level of technical and financial fitness that obviates the need for certain application requirements, then the utilities should be required to utilize their expertise and resources to help protect vulnerable citizens within the acquired territories.

CAUSE-PA thanks the Commission for the opportunity to comment on this issue and respectfully requests that, if the acquisition application requirements are simplified, the Commission take additional steps to ensure that any such acquisition does not harm low-income consumers.

Respectfully submitted,
Counsel for CAUSE-PA

A handwritten signature in black ink, appearing to read "John Sweet", with a stylized flourish above the name.

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