

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 27, 2013

Honorable Dennis J. Buckley
Office of Administrative Law Judge
Pa. Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Pennsylvania Public Utility Commission
v. Columbia Water Company
Docket No. R-2013-2360798

Dear Judge Buckley:

Enclosed please find copies of the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

The original has been electronically filed with the Secretary's Office and copies have been served upon the parties as evidenced by the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erin L. Gannon".

Erin L. Gannon
Assistant Consumer Advocate
PA Attorney I.D. #83487

Enclosures

cc: Secretary Rosemary Chiavetta
Certificate of Service

171037.doc

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	Docket No. R-2013-2360798
	:	
COLUMBIA WATER COMPANY	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to the Prehearing Order issued in this case by presiding Administrative Law Judge Dennis J. Buckley (ALJ) on June 24, 2013 and Section 333 of the Public Utility Code, 66 Pa.C.S. §333, the Office of Consumer Advocate (OCA) provides the following information:

I. BACKGROUND

The Columbia Water Company (Company) serves approximately 8,310 Residential Customers that reside in West Hempfield, Rapho, East Donegal and Manor Townships and the Boroughs of Columbia, Mountville, and Marietta, Lancaster County, Pennsylvania. On April 25, 2013, the Company filed Supplement No. 60 to Tariff Water-Pa. P.U.C. No. 7 to become effective June 24, 2013, containing proposed changes in rates, rules, and regulations calculated to produce \$773,210 (19.2%) in additional annual revenues. A metered residential customer

using 3,000 gallons of water per month would see an increase in their bill from \$25.03 to \$30.31 per month, or an increase of approximately 21.09%. Pursuant to 66 Pa.C.S. §1308(d), by Order entered on June 13, 2013, the filing was suspended by operation of law until January 24, 2014, unless permitted by Commission Order to become effective at an earlier date.

On May 15, 2013, the Office of Small Business Advocate (OSBA) filed a Formal Complaint and Notice of Appearance in the proceeding. In its Formal Complaint, OSBA submitted that the Company's proposed rate design, and cost and revenue allocation are or may be unjust, unreasonable, and unlawfully discriminatory in violation of Sections 1301 and 1304 of the Public Utility Code, 66 Pa.C.S. §§1301 and 1304, and contrary to appropriate public policy and sound ratemaking considerations, and may not be supported by the materials filed by the Company.

On May 16, 2013, the Office of Consumer Advocate filed a Formal Complaint and Notice of Appearance in the proceeding. In its Formal Complaint, the OCA submitted that a preliminary examination of the Company's rate increase request indicated that the Company's present rates and proposed charges, increases and changes in rates, rules and regulations contained within the request may be unjust, unreasonable, and in violation of law; may allow the Company an opportunity to recover an excessive rate of return in violation of the Public Utility Code; may discriminate against certain customers; may compensate the Company for providing inadequate service to some or all of its customers; and otherwise may be contrary to sound ratemaking principles and public policy.

The Borough of Columbia and several customers have filed Rate Protests against the proposed increase.

II. SERVICE ON THE OCA

The OCA will be represented in this proceeding by Assistant Consumer Advocate Erin L. Gannon and Senior Assistant Consumer Advocate Christine Maloni Hoover. Two copies of all documents should be served on the OCA as follows:

Erin L. Gannon
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, Forum Place 5th Floor
Harrisburg PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
Email: egannon@paoca.org

The OCA requests that Christine M. Hoover (choover@paoca.org) be included on the e-mail distribution list. In order to expedite the resolution of this proceeding, the OCA also requests that copies of all interrogatories, testimony and answers to interrogatories be mailed and e-mailed directly to the expert witnesses Ashley Everette (aeverette@paoca.org) and Terry Fought (TLFEngr@aol.com) and to the OCA's legal assistant Sandra Kinsey (skinsey@paoca.org), as well as e-mailing and mailing a copy to counsel for the OCA. 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

Because the time period for discovery and preparation of testimony is limited, the OCA proposes a shortened discovery response time in this proceeding. The OCA, therefore, requests

the following modifications to the discovery regulations:¹

- A. Answers to written interrogatories be served in-hand within seven (7) calendar days of service of the interrogatories.
- B. Objections to interrogatories be communicated orally within three (3) calendar days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.
- C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) calendar days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) calendar days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within seven (7) calendar days.
- F. Requests for admission be deemed admitted unless answered within seven (7) calendar days or objected to within five (5) calendar days of service.

To date, the OCA has served three sets of interrogatories to the Company. The OCA notes that the Company's objection to one of the OCA's interrogatories remains unresolved; CWC filed a discovery agreement on June 19, indicating that the OCA and Company have mutually agreed to extend the OCA's deadline to file a Motion to Compel a response to OCA Set I-26. The OCA is preparing this Motion, which it anticipates filing prior to the Prehearing Conference on July 3, 2013. The OCA will be able to narrow the scope of additional information requests based on the Company's answers to interrogatories and any information

¹ On June 26, 2013, CWC filed a Prehearing Memorandum in which it proposed similar modifications. The OCA's proposed modifications differ only with regard to A. and F. (A. and E. in CWC's proposal).

provided through informal discovery.

IV. PROPOSED SCHEDULE

The OCA will work with the parties to develop a litigation schedule that is acceptable to the Presiding Officer and parties. The OCA's proposed litigation schedule is attached hereto as Appendix A.

V. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. The witnesses will present testimony in written form and will also attach various exhibits, documents and explanatory information that will assist in the presentation of the OCA's case. The OCA's witnesses are:

Accounting and Regulatory Policy:

Ashley Everette
Office of Consumer Advocate
555 Walnut Street, Forum Place 5th
Floor
Harrisburg PA 17101-1923
Telephone: (717) 783-5048
Telecopier: (717) 783-7152
Email: aeverette@paoca.org

Quality of Service:

Terry L. Fought
780 Cardinal Drive
Harrisburg, PA 17111

TLFEngr@aol.com

The OCA specifically reserves the right to call additional witnesses and to expand the issues addressed in testimony, as necessary. If the OCA determines that an additional witness or witnesses is necessary for any portion of its case, it will notify all parties of record immediately.

VI. ISSUES AND EVIDENCE

With respect to rate base, the OCA is reviewing the Company's pro forma additions to plant in service and claim for materials and supplies. The items of net operating income under review include the appropriate level of miscellaneous revenues and the test year expenses and pro forma expense increases. The OCA is also reviewing the reasonableness of the Company's rate of return claims, including capital structure and the cost of equity. Should it be necessary to proceed to litigation, the OCA will be able to set forth and quantify its specific recommendations in its direct testimony, after it has reviewed the Company's discovery responses and informally discussed issues of concern with the Company, and reviewed the Company's direct testimony. All testimony will be supported by exhibits and explanatory schedules.

VII. PUBLIC INPUT HEARINGS

The OCA is unaware of any specific consumer requests for public input hearings in this matter to date. However, if the OCA becomes aware of substantial consumer interest, the OCA will promptly notify the Administrative Law Judge and parties to request a public input hearing.

VIII. SETTLEMENT

The OCA is willing to participate in settlement discussions.

Respectfully submitted,



Erin L. Gannon
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PA I.D. #83487
egannon@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate
Office of Consumer Advocate
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Harrisburg PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA I.D. #50026
choover@paoca.org

DATED: June 27, 2013
170928

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	Docket No. R-2013-2360798
	:	
COLUMBIA WATER COMPANY	:	

OFFICE OF CONSUMER ADVOCATE
PROPOSED LITIGATION SCHEDULE

Prehearing Conference	July 3, 2013
Columbia Direct Testimony ¹	July 10, 2013
Other Parties Direct Testimony	August 5, 2013
Rebuttal Testimony	August 19, 2013
Surrebuttal Testimony	August 30, 2013
Columbia Rejoinder (Outline)	September 6, 2013
Hearings	September 11-13, 2013
Main Briefs	September 26, 2013
Reply Briefs	October 7, 2013
Suspension Period Ends	January 24, 2014

¹The OCA proposes that electronic service by 4:30 p.m. on the due date will satisfy the in-hand requirement, when a hard copy is mailed the same day. This differs from CWC's proposal that the hard copy be mailed by the next day.

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
Columbia Water Company
Docket No. R-2013-2360798

I hereby certify that I have this day served a true copy of the foregoing document, 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:

Dated this 27th day of June 2013.

SERVICE BY HAND DELIVERY

Charles Daniel Shields, Esquire
Bureau of Investigation & Enforcement
Pa. Public Utility Commission
400 North Street
Harrisburg, PA 17120

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Thomas J. Sniscak, Esquire
William E. Lehman, Esquire
Hawk, McKeon & Sniscak
100 North Tenth Street
P.O. Box 1778
Harrisburg, PA 17105

Daniel G. Asmus
Assistant Small Business Advocate
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Vincent E. Collier, III
3287 Horizon Drive
Lancaster, PA 17601
(C-2013-2364726)



Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. #50026
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