



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

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September 7, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

In re: Docket No. R-2016-2554150, *et al.*
Pennsylvania Public Utility Commission, *et al.* v. City of DuBois – Bureau of Water

Dear Secretary Chiavetta:

Enclosed is the Prehearing Memorandum of Complainant Sandy Township in the above matter. Copies of the Prehearing Memorandum are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By 

Thomas T. Niesen

Encl.

cc: Certificate of Service (w/encl.)
The Honorable Mark A. Hoyer (via email, w/encl.)
David Monella (via email, w/encl.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	Docket No. R-2016-2554150, <i>et al.</i>
<i>et al.</i>	:	
	:	
v.	:	
	:	
City of DuBois – Bureau of Water	:	

**PREHEARING MEMORANDUM
OF COMPLAINANT SANDY TOWNSHIP**

AND NOW, comes Sandy Township (“Township”), Complainant in opposition to the general rate increase filed by the City of DuBois – Bureau of Water (“City Water Bureau”) at Docket No. R-2016-2554150, *et al.*, and submits this Prehearing Memorandum in connection with the Initial Call-In Telephone Pre-Hearing Conference scheduled to be held in the above captioned matter on September 9, 2016.

I. HISTORY OF THE PROCEEDING

On June 30, 2016, the City Water Bureau filed Supplement No. 22 to its Tariff Water Pa. P.U.C. No. 4 to become effective August 29, 2016. Through Supplement No. 22, the City Water Bureau seeks Pennsylvania Public Utility Commission (“Commission”) approval of rates and rate changes that would recover an estimated \$257,604, or approximately 32%, in additional annual revenue from customers that reside outside the City’s limits. The proposed rate increase follows a 57.1% increase in rates that became effective on January 1, 2014 at the conclusion of the proceeding at Docket No. R-2013-2350509.

Township is both a sale for resale customer and a commercial customer of the City Water Bureau. Supplement No. 22 seeks to increase the purchase water charges for sale for resale service to Township by 34%, at average usage. Supplement No. 22 seeks to increase the bill of a typical residential customer by 33.6%, and the bills for the typical commercial and industrial customer by 37.5% and 35.8%, respectively.

Township filed a Complaint in opposition to the rate increase on July 20, 2016, which was assigned Docket No. C-2016-2557459. Complaints were also filed by the Office of Consumer Advocate and the Office of Small Business Advocate. The Bureau of Investigation and Enforcement entered its appearance in the matter.

By Order entered August 11, 2016, the Commission instituted an investigation into the lawfulness, justness, and reasonableness of the rates, rules and regulations contained in Supplement No. 22. The proposed effective date of the Supplement was suspended by operation of law until March 29, 2017. By Notice dated August 24, 2016, an Initial Call-In Telephone Pre-Hearing Conference was scheduled for September 9, 2016.

II. ISSUES

Township is reviewing the City Water Bureau's ratemaking claims and discovery responses, which have been served to date, and provides the following list of issues that it may present. The list is as complete as it can be at this stage of the proceeding:

- (a) whether the amount of the requested rate increase is just and reasonable following a 57.1% increase in rates on January 1, 2014;
- (b) whether the City Water Bureau has removed the costs of providing its wastewater service from its water ratemaking claims and its cost of service analysis;
- (c) whether the City Water Bureau has appropriately accounted for revenue from other operations or sources in its ratemaking claims particularly from an anticipated sale for resale project with Falls Creek;

- (d) whether the proposed rate increase is contrary to sound ratemaking principles, including the principles of gradualism and rate continuity;
- (e) whether the expenses claimed by the City Water Bureau were prudently incurred;
- (f) whether the City Water Bureau has removed from rate base plant and facilities that are no longer used or useful in the public service or which are unnecessary for the provision of current service;
- (g) whether all of capital improvements to the City Water Bureau's facilities were necessary and whether there is a material amount of over capacity;
- (h) whether the allocation of the proposed increase among customer classes is just, reasonable, and non-discriminatory;
- (i) whether the return on equity proposed by the City Water Bureau results in a fair rate of return;
- (j) whether the rate design and rate structure proposed by the City Water Bureau are appropriate; and
- (i) whether the City Water Bureau's cost of service study is accurate and appropriate.

Township reserves the right to raise and address additional issues as the proceeding goes forward or that may arise as a result of ongoing discovery, as well as issues raised by other parties, that may affect Township's interests in this matter.

III. DISCOVERY

To date, the Township has propounded one set of interrogatories to the City Water Bureau. Township is also reviewing responses to discovery propounded by other parties. Township is prepared to cooperate with Administrative Law Judge Hoyer and the parties at the Prehearing Conference to develop a reasonable plan and schedule for discovery that accommodate the interests of the parties within the time constraints necessary for the Commission's decision.

IV. WITNESSES

Township intends to address its issues through testimony presented by the following witnesses:

David Monella
Manager
Sandy Township
1094 Chestnut Avenue
P.O. Box 267
DuBois, PA 15801

Perry Bowser
Engineer
Sandy Township
1094 Chestnut Avenue
P.O. Box 267
DuBois, PA 15801

Township reserves the right to call additional witnesses, as necessary, and agrees to notify Administrative Law Judge Hoyer and the parties promptly should Township determine that additional witnesses are necessary.

V. LITIGATION SCHEDULE


Township is willing to work with all parties at the Prehearing Conference to establish a mutually acceptable litigation schedule.

VI. SETTLEMENT

Township intends to fully participate in settlement discussions to resolve issues or narrow disputed issues.

Respectfully submitted,

By


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Counsel for Complainant Sandy Township

DATED: September 7, 2016

**BEFORE THE
PENNSYLVANIA PUBLIC UTILTY COMMISSION**

Pennsylvania Public Utility Commission, : Docket No. R-2016-2554150, et al.
et al. :
:
v. :
:
City of DuBois – Bureau of Water

CERTIFICATE OF SERVICE

I hereby certify that I have this 7th day of September, 2016, served a true and correct copy of the foregoing Prehearing Memorandum of Complainant Sandy Township in the above-captioned proceeding, upon the persons and in the manner set forth below:

VIA ELECTRONIC MAIL

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