



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

September 7, 2016

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
400 North Street, 2<sup>nd</sup> Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: City of DuBois – Bureau of Water Request for  
Approval to Increase Water Rates  
Docket No. R-2016-2554150

Dear Secretary Chiavetta:

Please be advised that the Bureau of Investigation and Enforcement (I&E)  
**Prehearing Memorandum** in this proceeding.

Copies are being served on all active parties of record as evidenced in the attached  
Certificate of Service. If you have any questions, please contact me at (717) 783-6151.

Sincerely,

Phillip C. Kirchner  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #313870

PCK/sea  
Enclosure

cc: Certificate of Service  
ALJ Mark A. Hoyer

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

City of DuBois – Bureau of Water :  
Request for Approval to : Docket No. R-2016-2554150  
Increase Water Rates :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated September 7, 2016, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

**Served via First Class and Electronic Mail**

Adeolu A. Bakare, Esquire  
James P. Dougherty, Esquire  
McNees Wallace & Nurick, LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166

Harrison W. Breitman, Esquire  
Christine M. Hoover, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg, PA 17101-1923

Steven C. Gray, Esquire  
Office of Small Business Advocate  
300 North Second Street  
Suite 202  
Harrisburg, PA 17101

Thomas Niesen, Esquire  
Thomas, Niesen & Thomas, LLC  
212 Locust Street, Suite 600  
Harrisburg, PA 17101



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Phillip C. Kirchner  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney I.D. #313870

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC  
UTILITY COMMISSION

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R-2016-2554150, *et al.*

v.

CITY OF DUBOIS  
BUREAU OF WATER

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PREHEARING MEMORANDUM OF THE  
BUREAU OF INVESTIGATION AND ENFORCEMENT

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**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutor in this proceeding will be Phillip C. Kirchner. Contact information is as follows:

By mail: Phillip C. Kirchner, Esq.  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

By e-mail: [phikirchne@pa.gov](mailto:phikirchne@pa.gov)

By telephone: (717) 783-6151

By fax: (717) 772-2677

## **I. INTRODUCTION**

On June 30, 2016, the City of DuBois - Bureau of Water (City), utility code 220750, filed Supplement No. 22 to Tariff Water - Pa. P.U.C. No. 4 (Supplement No. 22) to become effective August 29, 2016. Supplement No. 22 contains proposed changes in rates, rules, and regulations calculated to produce approximately \$257,604 (33.7%) in additional revenues from customers based on a historic test year ending December 31, 2015 and a future test year ending December 31, 2016. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by operation of law until March 29, 2017, unless permitted by Commission Order to become effective at an earlier date on August 11, 2016.

A Prehearing Conference is now scheduled for September 9, 2016, with Deputy Chief Administrative Law Judge Mark A. Hoyer presiding.

## **II. ISSUES**

The following list represents I&E's preliminary determination of the potential issues in this case. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Rate Case Expense
- Wages
- Overtime
- Payroll FICA taxes
- Chemicals
- Vehicles Gas & Oil
- Operating Supplies
- Contractual Services
- Allocation of Administrative and General Expenses
- Overall Rate of Return
- Cost of Long-Term Debt

- Cost of Common Equity
- Capital Structure
- Tax Adjustment
- Plant in Service
- Accrued Depreciation
- Net Plant
- Annual Depreciation Expense
- Present Rate Revenue
- Cost of Service Study
- Proposed Rates
- Scale Back of Rates to be Implemented
- Lost and Unaccounted for Water
- Bulk Sales of Water
- Tariff Changes

Again, this determination has been made without the benefit of complete discovery or analysis of the positions of other parties to this proceeding, I&E respectfully reserves the right to address issues raised in direct, rebuttal, or surrebuttal testimony or any other issues that become apparent at a later point in time or to remove issues from this list as fitting.

### **III. WITNESSES**

It is currently expected that I&E may call the following expert witness without being limited thereto:

- Ethan Cline, *Fixed Utility Valuation Engineer*
- Rachel Maurer, *Fixed Utility Financial Analyst*
- D.C. Patel, *Fixed Utility Financial Analyst*

The I&E witnesses may be contacted through the information listed above for undersigned prosecutor. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding.

Accordingly, I&E reserves the right to call additional witnesses or withdraw the names of the witnesses listed above.

#### **IV. EVIDENCE**

I&E expects to present any written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

#### **V. SCHEDULE**

I&E will work with the parties to develop a mutually agreeable schedule in this proceeding. If Public Input Hearings are to be held, I&E would support the utilization of 'Smart Hearings.'

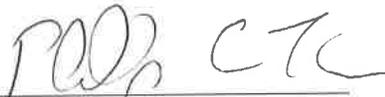
#### **VI. SERVICE OF DOCUMENTS AND DISCOVERY MODIFICATIONS**

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.

## VII. SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,

  
Phillip C. Kirchner, Esq.  
Prosecutor  
PA Attorney I.D. # 313870

Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265

Dated: September 7, 2016