

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 8, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Pa. Public Utility Commission
v.
City of Dubois – Bureau of Water
Docket No. R-2016-2554150

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman
Assistant Consumer Advocate
Attorney ID # 320580
E-Mail: HBreitman@paoca.org

Attachment

cc: Honorable Mark A. Hoyer
Certificate of Service

225652

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2016-2554150
 :
 City of Dubois – Bureau of Water :

I hereby certify that I have this day served a true copy of the following document, the 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 8th day of September, 2016.

SERVICE BY E-MAIL AND INTER-OFFICE MAIL

Phillip C. Kirchner, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL AND FIRST CLASS MAIL, POSTAGE PREPAID

Steven C. Gray
Office of Small Business Advocate
Suite 202, Commerce Building
300 N. Second Street
Harrisburg, PA 17101

Thomas T. Niesen, Esquire
Charles Thomas, III, Esquire
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 600
Harrisburg, PA 17101

Adeolu A. Bakare, Esquire
James P. Dougherty, Esquire
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

/s/ Harrison W Breitman
Harrison W Breitman
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Attorney ID # 320580
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Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
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Counsel for Office of Consumer Advocate
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Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | |
| | : | |
| v. | : | Docket No. R-2016-2554150 |
| | : | |
| City of Dubois – Bureau of Water | : | |

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. §333 and in response to the Prehearing Conference Order issued by Administrative Law Judge (ALJ) Hoyer in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. HISTORY OF THE PROCEEDING

On June 30, 2016, the City of DuBois – Bureau of Water (City or DuBois) filed Supplement No.22 to Tariff Water- Pa. P.U.C. No.4, to become effective August 29, 2016. This tariff sought Commission approval of rates and rate changes that would increase rates that the City charges for providing service to its PUC-jurisdictional ratepayers who reside outside of the City.

The proposed tariff contained changes in rates calculated to recover an estimated annual increase in base rate revenues of \$257,604. This represents an approximate 33.7% increase in the City's annual revenues. An outside-city residential customer using 3,800 gallons of water per month with a 5/8-inch meter would see an increase in their bill from \$25.57

to \$34.17 or approximately 33.6% per month. The City serves approximately 697 customers outside the City in Sandy Township, Clearfield County, Pennsylvania.

On July 14, 2016, the OCA filed a Formal Complaint (C-2016-2556376) against the proposed increase in rates and a Notice of Appearance. Complaints were filed by the Office of Small Business Advocate (OSBA) and Sandy Township. The Bureau of Investigations and Enforcement (I&E) filed a Notice of Appearance on July 25 2016. On August 11, 2016, the Commission issued an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rates in Supplement No. 22 to Tariff Water- Pa. P.U.C. No. 4, and suspended the effective date until March 29, 2017 by operation of law.

The Commission assigned the case to Administrative Law Judge Hoyer. The City declined to participate in the Commission's mediation process. The City has filed tariff supplement No. 23 on August 19, 2016 extending the suspension period until March 29, 2017.

II. ISSUES

After completing any follow up discovery, the OCA will file direct testimony that will set forth the specific issues to be addressed in this proceeding. At that time, the OCA will also be able to make and to quantify its specific recommendations. Generally, the OCA is reviewing issues related to rate base, revenues, and expense claims, rate of return, including capital structure, cost of debt, and cost of equity, rate design, tariff rules and regulations, and quality of service.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. Each witness will present testimony in written form and will attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the expert witness responsible for that area of the case, as well as mailing a copy to counsel for the OCA:

Accounting/Regulatory Policy/Rate of Return:

Ashley Everette, Regulatory Analyst
Office of Consumer Advocate
Forum Place, 5th Floor
555 Walnut Street
Harrisburg, PA 17101
AEverette@paoca.org

Cost of Service/Rate Design:

Scott J. Rubin
333 Oak Lane
Bloomsburg, Pa 17815
Phone: (570) 387-1893
Scott.J.Rubin@gmail.com

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. SETTLEMENT

The OCA is willing to participate in settlement discussions.

V. DISCOVERY

To date, the OCA has served five sets of interrogatories on the City, and issued informal discovery requests. The OCA is reviewing the responses that have been provided. As soon as the OCA determines whether additional discovery, including informal discovery, is needed, the OCA will issue the discovery.

Because the time-period for discovery and preparation of testimony is limited, the OCA supports a shortened discovery response time in this proceeding. The OCA, therefore, requests the following modifications to the discovery regulations:

A. Answers to written interrogatories be served in-hand within ten (10) calendar days of service. Discovery propounded after 12:00 noon on a Friday will be deemed served on the next business day for purposes of determining the due date of the responses.

B. Objections to interrogatories be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories. Objections to interrogatories served on a Friday shall be communicated orally within four (4) calendar days, and unresolved objections shall be served to the ALJ in writing within six (6) days of service of the interrogatories.

C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) 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) days of service of such motions.

VI. PUBLIC INPUT HEARING

The OCA is not requesting a public input hearing at this time, however, if the OCA determines that a public input hearing is necessary, the OCA will notify the ALJ and the parties and make the request.

VII. SERVICE ON THE OCA

Senior Assistant Consumer Advocate Christine Maloni Hoover and Assistant Consumer Advocate Harrison William Breitman will represent the OCA in this case. Two copies of all documents should be served on the OCA as follows:

Christine Maloni Hoover
Senior Assistant Consumer Advocate
Email: CHoover@paoca.org

Harrison William Breitman
Assistant Consumer Advocate
Email: Hbreitman@paoca.org

Office of Consumer Advocate
555 Walnut Street
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Fax: (717) 783-7152

VIII. PROPOSED LITIGATION SCHEDULE

The OCA is willing to work with the parties and the ALJ to arrive at a schedule for litigation. The OCA's proposed litigation schedule is attached hereto as Appendix A.

Respectfully Submitted,



Harrison W. Breitman
Assistant Consumer Advocate
Attorney ID # 320580
E-Mail: HBreitman@paoca.org

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

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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Phone: (717) 783-5048
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September 8, 2016
225180

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2016-2554150
 :
 City of Dubois – Bureau of Water :

OFFICE OF CONSUMER ADVOCATE'S
PROPOSED LITIGATION SCHEDULE

| | |
|--|---------------------|
| Prehearing Conference | September 9, 2016 |
| Other Parties' Direct Testimony | October 7, 2016 |
| Rebuttal Testimony | October 18, 2016 |
| Surrebuttal Testimony | November 3, 2016 |
| Outline of Expected Oral Rejoinder | November 8, 2016 |
| Evidentiary Hearings with Oral Rejoinder | November 9-10, 2016 |
| Main Briefs Due | December 1, 2016 |
| Reply Briefs Due | December 12, 2016 |