

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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January 11, 2017

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

Re: Petition of The York Water Company for an
Expedited Order Authorizing Limited
Waivers of Certain Tariff Provisions and
Granting Accounting Approval to Record
Cost of Certain Customer-Owned Service
Line Replacements to the Company's
Services Account
Docket No. P-2016-2577404

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 as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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

Enclosure

cc: Honorable Elizabeth H. Barnes
Certificate of Service

*228745

CERTIFICATE OF SERVICE

Petition of The York Water Company for an	:	
Expedited Order Authorizing Limited Waivers	:	
of Certain Tariff Provisions and Granting	:	
Accounting Approval to Record Cost of	:	Docket No. P-2016-2577404
Certain Customer-Owned Service Line	:	
Replacements to the Company's Services	:	
Account	:	

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 11th day of January 2017.

SERVICE BY E-MAIL & INTEROFFICE MAIL

Phillip C. Kirchner, Esquire
Bureau of Investigations and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

Kathleen M. Miller, CFO and Treasurer
The York Water Company
130 East Market Street
York, PA 17401

Michael W. Hassell, Esquire
Devin T. Ryan, Esquire
Post & Schell
17 North Second Street, 12 Floor
Harrisburg, PA 17101-1601

John R. Evans, Esquire
Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101

/s/ Christine Maloni Hoover
Christine Maloni Hoover
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of The York Water Company for an	:	
Expedited Order Authorizing Limited Waivers	:	
of Certain Tariff Provisions and Granting	:	
Accounting Approval to Record Cost of	:	Docket No. P-2016-2577404
Certain Customer-Owned Service Line	:	
Replacements to the Company's Services	:	
Account	:	

**PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE**

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 33 and the Prehearing Conference Order issued by Administrative Law Judge Elizabeth H. Barnes on January 5, 2017, the Office of Consumer Advocate (OCA) provides the following:

I. INTRODUCTION

On November 28, 2016, The York Water Company (York) filed with the Commission a Petition seeking a waiver of certain provisions of its tariff for two circumstances where York may replace certain customer-owned service lines. York seeks a Commission order on an expedited basis. On December 19, 2016, the OCA and the Bureau of Investigation & Enforcement (BIE) filed Answers. The OCA now files this Prehearing Memorandum to set forth the procedure and issues that the OCA believes are relevant to this proceeding.

II. ISSUES

Pursuant to York's existing tariff, customers are responsible for the installation, maintenance and replacement of their service lines. York Water Tariff Water – Pa. P.U.C. No.

14, Supplement No. 68, Fourth Revised Page No. 10, Tariff Rule 3.4. The Company is seeking a waiver of this tariff rule to allow it to replace the customer owned portion of the lead service line when it replaces the Company-owned portion of the same line. Petition at 5-6. The Company is also seeking permission to capitalize those costs. Id.

As stated in its Answer, the OCA does not oppose the concept of replacing the customer-owned lead service line at the same time as the Company-owned lead service lines are replaced over the next four years. The OCA does not oppose the Company's request to capitalize the costs related to the replacement of the customer-owned lead service lines that are replaced at the same time as the Company-owned lead service lines. Some details need to be addressed, however, such as the ratemaking treatment for customer owned lead service lines that may be replaced and on which the customer has coverage under the Water Service Line Protection Plan. In addition, the OCA intends to address its recommendations that 1) York track the capital costs for the customer-owned service lines that are replaced as part of the Company-owned lead service line replacement program and provide that information on a semi-annual basis to the Commission and the OCA and 2) York explore available funding options, now and in the future, at the state and federal level that might alleviate some of the replacement costs that will ultimately be borne by its ratepayers.

The Company also is seeking a limited waiver of Tariff Rule 3.4 to allow it to, "from time to time, replace lead customer-owned service lines whenever they are discovered, regardless of the material used for the Company-owned service line." Petition at 5-6. York Water also proposes that it would offer to pay a fixed amount towards replacement cost of the customer-owned lead service line and asks that that amount be permitted to be capitalized. Id.

Generally, York's second proposal does not yet have sufficient details to allow OCA to fully understand the possible scope of the waiver or how the program would work. With the information provided in the Petition, the OCA has preliminarily identified a number of questions and concerns that it intends to address through discovery and informal discussions with the Company and, if necessary, testimony: 1) how many potential customers may be in this situation, 2) how customers with lead service lines will be made aware of the program, 3) how the Company will bill the customers for any difference between the total cost and the maximum payment amount, 4) how York would triage requests for replacement of the customer-owned lead service line replacement, 5) what impact the stand alone customer-owned lead service line replacements that qualify for this program would have on the schedule for the Company-owned and customer-owned lead service line replacement program that is addressed in its first waiver request, 6) how to handle the remaining customer-owned lead service lines, and 7) fairness to customers who replaced their lead service line in the recent past.

The OCA is willing to work with York Water to develop a fair and equitable way to implement its program so that the public health and safety issues are fully addressed.

III. WITNESSES

The OCA intends to present the Direct, Rebuttal and Surrebuttal testimony, as may be necessary, of Ashley E. Everette regarding the accounting and policy issues identified above. Ms. Everette will present testimony in written form and will also attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case.

Her contact information is as follows:

Ashley E. Everette
Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: 717-783-5048
E-mail: aeeverette@paoca.org

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 is necessary for any portion of its case, it will notify all parties of record immediately.

IV. DISCOVERY

In its Petition, York requested that the proceeding be expedited. In order to effectively investigate and adequately develop a record in this proceeding, the OCA requests a modification to the Commission's procedural rules, 52 Pa. Code §5.321, *et seq.*, on a going-forward basis, as set forth below:

1. Any discovery or discovery related pleadings such as objections, motions, or answers to motions served after noon (12 p.m.) on a Friday or on any business day preceding a state holiday shall be deemed to have been served on the following business day for purposes of tracking responsive due dates;

2. Due dates will be "in-hand" with electronic service on the due date satisfying the "in-hand" requirement and where such service is immediately followed by a hard copy sent by first-class mail;

3. Answers to written interrogatories will be served in-hand within ten (10) calendar days of service of the interrogatories;

4. Objections to interrogatories will be communicated orally within three (3) calendar days of service; unresolved objections shall be served on the parties in writing within five (5) calendar days of service of the interrogatories;

5. Motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) calendar days of service of written objections;

4. Answers to motions to dismiss objections and/or direct the answering of interrogatories will be filed within three (3) calendar days of service of such motions;

5. Responses to requests for document production, entry for inspection, or other purposes will be served in-hand within ten (10) calendar days;

6. Requests for admission will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service; and

7. Rulings over motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion.

V. SERVICE ON THE OCA

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

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Fax: 717-783-7152
E-mail: choover@paoca.org
egannon@paoca.org

VI. PROPOSED SCHEDULE

The OCA will work with the parties to develop a litigation schedule that is acceptable to the Presiding Officers and the parties.

Respectfully Submitted,



Christine Maloni Hoover
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Erin L. Gannon
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DATE: January 11, 2017
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