



COMMONWEALTH OF PENNSYLVANIA

April 25, 2017

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

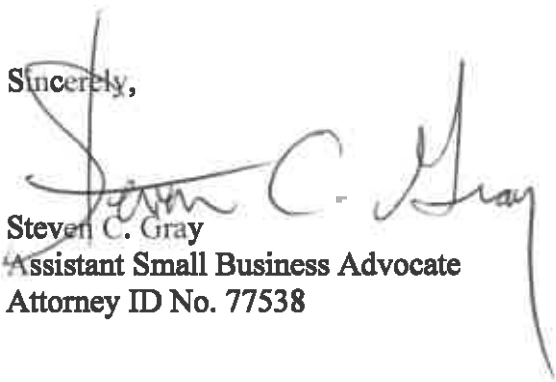
**Re: City of DuBois-Bureau of Water Request for Approval to Increase Water Rates
Docket No. R-2016-2554150**

Dear Secretary Chiavetta:

Enclosed for filing are the Exceptions to the Compliance Filing, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-docketed proceeding. As evidenced by the enclosed Certificate of Service, copies will be served on all known parties in this case.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Mr. Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

City of DuBois-Bureau of Water Request :
for Approval to Increase Water Rates : **Docket No. R-2016-2554150**
: **C-2016-2556342**

**EXCEPTIONS TO THE COMPLIANCE FILING
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

For: John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Dated: April 25, 2017

I. Introduction

On June 30, 2016, the City of DuBois - Bureau of Water (the “City” or “DuBois”) filed Supplement No. 22 to Tariff Water - Pa. P.U.C. No. 4 with the Pennsylvania Public Utility Commission (“Commission”). The proposed tariff would provide the City with a general rate increase of \$257,604 per year.

On July 13, 2016, the Office of Small Business Advocate (“OSBA”) filed a Formal Complaint.

On September 9, 2016, a Prehearing Conference was held before Administrative Law Judge (“ALJ”) Mark A. Hoyer.

On September 14, 2016, ALJ Hoyer issued a Prehearing Order setting forth the procedural schedule in this case.

On October 5, 2016, the OSBA served the Direct Testimony of Brian Kalcic.

On November 10, 2016, an Evidentiary Hearing was held before ALJ Hoyer.

On November 29, 2016, the OSBA submitted its Main Brief.

On December 12, 2016, the OSBA served its Reply Brief.

On January 13, 2017, ALJ Hoyer issued his Recommended Decision (“RD”).

On February 2, 2017, the OSBA filed Exceptions to the RD.

On March 28, 2017, the Commission entered its Opinion and Order in *Pennsylvania Public Utility Commission, et al., v. City of DuBois – Bureau of Water*, Docket No. R-2016-2554150 (Order entered March 28, 2017) (“*March 28th Order*”).

On April 12, 2017, the OSBA filed a Petition for Reconsideration with the Commission addressing the *March 28th Order*.

On April 17, the City submitted its Compliance Filing, purporting to follow the requirements of the *March 28th Order*.

The OSBA, pursuant to 52 Pa. Code § 5.592(c), files this Exception to the City's Compliance Filing.

II. Exceptions

Exception No. 1: The City did not follow the Commission's directive to proportionally scale back its consumption charges.

The Commission, in its *March 28th Order*, stated as follows:

Based upon the evidence of record, we are in agreement with the recommendation of the ALJ that the City proposed customer charges should be approved and that a *proportional scale back* of the consumption charges be performed to attain the Commission allowed revenue increase per this Opinion and Order.

March 28th Order, at 118 (emphasis added).

Furthermore, Ordering Paragraph 5 awarded the City \$71,133. *March 28th Order*, at 127, Ordering Paragraph 5.

The City's originally filed revenue allocation is set forth below:

<i>Outside City</i>	<i>Present Revenue</i>	<i>Proposed Increase</i>	<i>Percent Increase</i>	<i>Relative Increase</i>
	(1)	(2)	(3)	(4)
Residential	\$158,817	\$52,404	33.00%	98.0
Commercial	187,883	64,896	34.54%	102.6
Industrial	117,188	41,149	35.11%	104.3
Sales for Resale	286,816	99,157	34.57%	102.7
Public Fire	<u>14,750</u>	<u>0</u>	0.00%	0.0
Total Sales	\$765,454	\$257,606	33.65%	100.0

See City of DuBois Exhibit CEH-1, at 7-8.

The Commission's instructions were for the City to adopt its proposed customer charges, while proportionally scaling back its consumption charges. The *March 28th Order* results in the following revenue allocation:

<i>Outside City</i>	<i>Present Revenue</i>	<i>Ordered Increase</i>	<i>Percent Increase</i>	<i>Relative Increase</i>
	(1)	(2)	(3)	(4)
Residential	\$159,749	\$18,686	11.70%	126.4
Commercial	189,872	19,643	10.35%	111.8
Industrial	117,188	9,261	7.90%	85.4
Sales for Resale	286,816	23,538	8.21%	88.7
Public Fire	<u>14,750</u>	<u>0</u>	0.00%	0.0
Total Sales	\$768,375	\$71,128	9.26%	100.0

Source: OSBA analysis using City's compliance filing billing determinants.

Instead, the City's Compliance Filing adopted its proposed customer charges, but differentially scaled back the consumption charges. That resulted in the following revenue allocation:

<i>Outside City</i>	<i>Present Revenue</i>	<i>CF Increase</i>	<i>Percent Increase</i>	<i>Relative Increase</i>
	(1)	(2)	(3)	(4)
Residential	\$159,749	\$14,768	9.24%	100.0
Commercial	189,872	16,838	8.87%	95.7
Industrial	117,188	11,334	9.67%	104.3
Sales for Resale	286,816	28,283	9.86%	106.4
Public Fire	<u>14,750</u>	<u>0</u>	0.00%	0.0
Total Sales	\$768,375	\$71,224	9.27%	100.0

See City of DuBois Compliance Filing, at 2

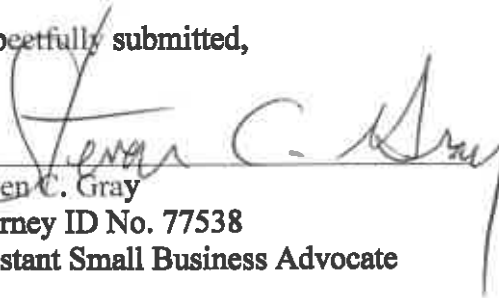
Consequently, the OSBA respectfully submits that the City is not in compliance with the Commission's directions, and that the City's Compliance Filing must be rejected.

III. Conclusion

In view of the foregoing, the OSBA respectfully requests that the Commission:

1. Grant OSBA Exception No. 1; and
2. Grant such other relief as may be necessary.

Respectfully submitted,



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Assistant Small Business Advocate

For:
John R. Evans
Small Business Advocate

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Dated: April 25, 2017

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (unless other noted below) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Mark A. Hoyer
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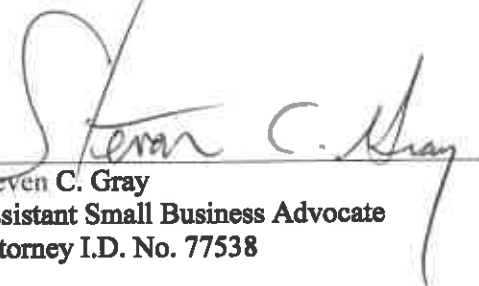
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DATE: April 25, 2017


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