



COMMONWEALTH OF PENNSYLVANIA

May 24, 2017

**E-FILED**

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

**Re: Pennsylvania-American Water Company 2017 General Base Rate Filing  
Docket No. R-2017-2595853**

Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

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

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari  
Deputy Small Business Advocate  
Attorney ID #306921

***Enclosures***

cc: The Honorable Dennis Buckley  
The Honorable Benjamin J. Myers  
Mr. Brian Kalcic  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION**

**v.**

**PENNSYLVANIA-AMERICAN WATER  
COMPANY**

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**DOCKET NO. R-2017-2595853**

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**OFFICE OF SMALL BUSINESS ADVOCATE  
PREHEARING MEMORANDUM**

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**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Deputy Small Business Advocate Elizabeth Rose Triscari. Please address all correspondence as follows:

Elizabeth Rose Triscari, Esquire  
Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, Pennsylvania 17101  
(717) 783-2525  
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[etriscari@pa.gov](mailto:etriscari@pa.gov)

## **II. FILING BACKGROUND**

On April 28, 2017, the Pennsylvania-American Water Company (“PAWC” or the “Company”) filed Original Tariff Water Pa. P.U.C. No. 5 and Original Tariff Wastewater Pa. P.U.C. No 16 (“Tariffs”). The proposed Tariffs, if approved by the Commission, would increase the Company’s rates by \$107.9 million per year, or approximately 16.4%.

On May 10, 2017, the OSBA filed a Complaint alleging that PAWC’s proposed rates, rate design, and cost and revenue allocation may be unjust, unreasonable, and unlawfully discriminatory in violation of, *inter alia*, Sections 1301 and 1304 of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, and contrary to appropriate public policy and sound ratemaking considerations, and may not be supported by the materials filed by PAWC. A formal complaint was also filed by the Office of Consumer Advocate (“OCA”) on May 8, 2017, as well as by several individuals. The Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance on May 8, 2017.

By Order entered May 18, 2017, the proposed Tariffs were suspended by operation of law until January 27, 2018. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariffs. The Commission also ordered an investigation into the reasonableness of PAWC’s existing rates, rules, and regulations.

Administrative Law Judge (“ALJ”) Dennis J. Buckley and ALJ Benjamin J. Myers were assigned to this proceeding and issued a Prehearing Order on May 22, 2017, informing the parties that the initial Prehearing Conference on this case will be held on May 25, 2017. The OSBA submits this prehearing memorandum in accordance with that order.

**III. WITNESS**

Assisting in the development and presentation of OSBA's position in this proceeding will be:

Brian Kalcic  
Excel Consulting  
Suite 720  
225 S. Meramec Ave.  
St. Louis, MO 63105  
(314) 725-2511  
[excel.consulting@sbcglobal.net](mailto:excel.consulting@sbcglobal.net)

The OSBA requests that all parties provide courtesy copies of all documents, including discovery, testimony and briefs, upon Mr. Kalcic, simultaneously with service upon the OSBA.

**IV. IDENTIFICATION OF ISSUES**

The OSBA is participating in this case to ensure that the interests of small business customers of PAWC are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of PAWC and other parties, primarily through discovery, cross-examination of witnesses appearing for those parties, filing of testimony, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of PAWC's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness.

At this time, the OSBA is concentrating on the following issues:

1. Whether PAWC's water cost-of-service allocation study ("WCOSS") methodology is appropriate;
2. Whether the Company's WCOSS properly incorporates the results of PAWC's customer class demand study;
3. Whether the Company's proposed class revenue allocation for water service customers is cost based;
4. Whether PAWC's proposal to consolidate all water rate zones with Rate Zone 1 is reasonable and appropriate;
5. Whether the Company's proposal to recover \$13.8 million of its claimed wastewater revenue requirement from water service customers is consistent with Act 11;
6. Whether PAWC's proposed methodology for allocating \$13.8 million of its claimed wastewater revenue requirement among its water service classes is cost based;
7. Whether the methodologies used in the Company's wastewater cost-of-service allocation studies ("WWCOSS"s) are appropriate;
8. Whether the Company's proposed class revenue allocation for wastewater service customers is cost based;
9. Whether PAWC's proposal to consolidate wastewater Rate Zones 2-10 with Rate Zone 1 is reasonable and appropriate;
10. Whether PAWC's proposal to leave the existing wastewater rates for Scranton unchanged is consistent with the Company's policy of Single Tariff Pricing; and

The OSBA reserves the right to pursue additional issues as they may arise throughout the course of the proceeding.

#### **IV. SERVICE OF DOCUMENTS**

The OSBA agrees to accept electronic mail delivery of documents on the due date as satisfying the in-hand requirement, *provided that such documents are followed by hard copy delivery to OSBA by first class mail*. Service by electronic mail *only* is not acceptable. The OSBA requests that such hard copies are also provided to its witness identified above.

In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witness identified above.

#### **V. DISCOVERY**

Discovery has been ongoing for several weeks. Interrogatories have been served by I&E, the OCA, and the OSBA. The OSBA supports the discovery modifications proposed by OCA in its prehearing memorandum.


#### **VI. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

**VII. PROCEDURAL SCHEDULE**

The OSBA will work with the Presiding Officers and the other parties to develop a mutually acceptable procedural schedule.

Respectfully submitted,

  
Elizabeth Rose Triscari  
Elizabeth Rose Triscari  
Attorney ID No. 306921  
Deputy Small Business Advocate

For:

John R. Evans  
Small Business Advocate

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

Dated: May 24, 2017

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania-American Water Company** :  
**2017 General Base Rate Filing** : **Docket No. R-2017-2595853**  
**C-2017-2603512**

**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).

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DATE: May 24, 2017

  
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