**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, et al. : R-2017-2631441

James Vessella : C-2017-2634797

Bea DeCiancio : C-2017-2635838

Office of Consumer Advocate : C-2017-2636654

John D’Urso : C-2017-2636679

:

v. :

:

Reynolds Water Company :

**PREHEARING ORDER**

On October 30, 2017, Reynolds Water Company (Reynolds or Company) filed Supplement No. 5 To Tariff – Water Pa. P.U.C. No. 4 to become effective January 1, 2018. It proposed to increase Reynolds Water Company’s total annual operating revenues by approximately $236,640 or 45.4% above the level of pro forma revenues for the future test year ending June 31, 2018.

Reynolds proposed to increase annual revenues by $236,640, or 45.1%, which would become effective on or about January 1, 2018. Reynolds engages in the business of furnishing water services to approximately 722 total customers (551 residential customers) in portions of the Townships of Pymatuning, Hempfield, and Delaware in Mercer County. For the typical residential customer using 9,000 gallons per quarter, the average bill would increase by 45.4% from $92.76 per quarter to $134.87 per quarter.

On December 21, 2017, the Pennsylvania Public Utility Commission (PUC or Commission) entered an order suspending the implementation of Supplement No. 5 by operation of law until August 1, 2018, pursuant to Title 66 of the Pennsylvania Statutes, at Section 1308(d), and opened an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 5. Further, the matter was assigned to the Office of Administrative Law Judge (OALJ) to schedule such hearings as necessary to develop a record in this proceeding.

On December 21, 2017, the OALJ scheduled a call-in telephonic prehearing conference for December 29, 2017. Formal Complaints have been filed in this matter by James J. Vessella, Bea DeCiancio, John D’Urso and the Office of Consumer Advocate (OCA), at Docket Nos. C-2017-2634797, C-2017-2635838, C-2017-2636679, and C-2017-2636654, respectively. Prehearing Memoranda were submitted by Reynolds, the Bureau of Investigation and Enforcement (BIE), and OCA.

On December 28, 2017, Reynolds filed Supplement No. 6 to the Company’s Tariff Water – Pa. P.U.C. No. 4, which suspended the effective date of Supplement No. 5 from January 1, 2018 until August 1, 2018.

The presiding officer conducted a telephonic prehearing conference on Friday, December 29, 2017 at which Reynolds, OCA, the Bureau of Investigation and Enforcement (BIE), and James Vessella participated. This Order memorializes the matters decided and agreed upon by the parties attending the conference.

**Litigation Schedule**

The parties indicated they wished to seek mediation in this matter, and requested sixty days before establishing a litigation schedule. The presiding officer made Reynolds responsible to notify the presiding officer within sixty days to apprise the presiding officer whether the parties had reached an amicable resolution.

In addition, Reynolds indicated it would file Supplement No. 7 to Tariff Water – Pa. P.U.C. No. 3 which supplement would postpone the effective date of the proposed rates by an additional sixty days, or to October 1, 2018, in order to make use of the Commission’s mediation procedures.

Accordingly, the parties agreed the new suspension date would be October 1, 2018. The last public meeting prior to October 1, 2018 is currently scheduled for September 20, 2018. As a result, the parties must either complete all litigation, including the filing of briefs, or file a fully executed settlement **prior to close of business on June 15, 2018**.

**Parties**

Reynolds, BIE and OCA are parties to this proceeding. Three individuals have filed formal complaints as of the date of the prehearing conference. Those individuals, with their contact information and corresponding complaint numbers, are listed on the service list attached.

OCA is responsible to keep the presiding officer informed as to the existence of any additional complaints filed by individuals concerning this proceeding. If appropriate, a separate notice will be sent to that individual, and any other individual who may have filed a formal complaint, explaining the options for participation in this case. In the meantime, the complaints filed by the three individuals listed on the service list, as well as the formal complaint filed by OCA, are consolidated in these proceedings with the option for further consolidation upon motion filed by any party in interest.

## Issue

The Commission, in its December 21, 2017 Order suspending this tariff filing, identified the following issue, which it directs the parties and the presiding officer to address in this proceeding: Are the rates, rules, and regulations contained in the proposed rate increase requests lawful, just, reasonable and in the public interest?

## Discovery

The parties shall continue to engage in informal discovery whenever and wherever possible in an attempt to resolve any discovery disputes amicably. 52 Pa. Code §5.322. If this process fails, the parties have recourse to the Commission’s procedures for formal discovery, as herein modified. 52 Pa. Code §§5.321, *et* *seq*. The parties must **not** send discovery material or cover letters to the presiding officer, unless attached to a motion to compel. All motions to compel must contain a certification of counsel of the informal discovery undertaken and their efforts to resolve their discovery disputes informally. If a motion to compel fails to contain such certification, the presiding officer will contact the parties and direct them to pursue informal discovery.

The parties did not request any modification of the Commission’s procedures for formal discovery, but hereby are directed to notify the presiding officer in writing if a requested modification becomes appropriate. Such request shall only be made if all informal attempts to resolve the discovery dispute fail.

**Evidentiary Hearing**

The evidentiary hearings will be scheduled by issuance of an interim order in the future if the parties are unable to reach an amicable resolution which results in the filing of a settlement.

**Settlement**

This Commission encourages settlements, pursuant to 52 Pa. Code §5.231(a); §5.232; and §5.234. In this case a joint settlement petition should be served on the presiding officer on or before the date set for filing reply briefs (i.e., June 15, 2018). Statements in Support of Settlement from all signatory parties must be filed with the Secretary’s Bureau along with the joint settlement petition. Statements in Support **must** be substantive in nature, and show how the settlement is “in the public interest.”

**Modification**

Any of the provisions of this Prehearing Order may be modified upon motion and good cause shown by any party in interest.

THEREFORE,

IT IS ORDERED:

1. That the four formal complaints filed by James J. Vessella, Bea DeCiancio, the Office of Consumer Advocate (OCA), and John D’Urso, at Docket Nos. C‑2017-2634797, C-2017-2635838, C-2017-2636654, and C-2017-2636679, respectively, are consolidated with the rate increase proceeding docketed at R-2017-2631441.
2. That Reynolds Water Company shall inform the presiding officer prior to February 28, 2018 if the parties reached an amicable resolution and anticipate filing a settlement in this proceeding.
3. That the presiding officer will issue a litigation schedule if no amicable resolution is reached prior to February 28, 2018.

Dated: January 2, 2018

Katrina L. Dunderdale

Administrative Law Judge

**R-2017-2631441- PENNSYLVANIA PUBLIC UTILITY COMMISSION v. REYNOLDS WATER COMPANY**

***(Revised 1/2/18)***

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