

May 22, 2018

**VIA E-FILE**

**David P. Zambito**

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Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission v. SUEZ Water Pennsylvania Inc.; Docket  
No. R-2018-3000834**

**PREHEARING CONFERENCE MEMORANDUM OF SUEZ WATER PENNSYLVANIA  
INC.**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission please find SUEZ Water Pennsylvania Inc.'s Prehearing Memorandum in the above-referenced proceeding. Copies have been served per the attached Certificate of Service.

If you have any questions regarding this filing, please direct them to me. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito  
Counsel for SUEZ Water Pennsylvania Inc.

DPZ:kmg  
Enclosure

cc: Honorable David A. Salapa  
Per Certificate of Service  
John D. Hollenbach, P.E., General Manager and Vice President  
Timothy J. Michaelson, Director of Regulatory Business

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

SUEZ Water Pennsylvania Inc.

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Docket No. R-2018-3000834

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing **Prehearing Memorandum of SUEZ Water Pennsylvania Inc.**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

Scott B. Granger, Prosecutor  
Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
400 North Street, 2 West  
Harrisburg, PA 17120  
E-mail: sgranger@pa.gov

Sharon E. Webb, Esquire  
Office of Small Business Advocate  
300 North Second Street  
Suite 202  
Harrisburg, PA 17101  
E-mail: swebb@pa.gov

Erin L. Gannon, Esquire  
Christy M. Appleby, Esquire  
Barrett C. Sheridan, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
E-mail: EGannon@paoca.org  
E-mail: CAppleby@paoca.org  
E-mail: BSheridan@paoca.org

  
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David P. Zambito, Esquire  
Counsel for SUEZ Water Pennsylvania Inc.

Date: May 22, 2018

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge David A. Salapa**

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Pennsylvania Public Utility Commission, *et al.* :  
: Docket Nos. R-2018-3000834  
v. : C-2018-3001786  
: :  
SUEZ Water Pennsylvania Inc. :

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**PREHEARING CONFERENCE MEMORANDUM OF  
SUEZ WATER PENNSYLVANIA INC.**

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AND NOW COMES, SUEZ Water Pennsylvania Inc. (“SUEZ”), by and through its counsel, Cozen O’Connor, pursuant to 52 Pa. Code § 5.222(d) and in compliance with the Prehearing Conference Order of the Honorable Administrative Law Judge David A. Salapa (the “Administrative Law Judge” or “ALJ”), dated May 17, 2018, to file this Prehearing Conference Memorandum in the above-captioned matter. In support thereof, SUEZ states as follows:

**I. INTRODUCTION AND PROCEDURAL HISTORY**

1. On April 30, 2018, SUEZ filed proposed Supplement No. 53 to Water – Pa. P.U.C. No. 7 (“Supplement No. 53”), to be effective June 29, 2018, proposing an increase in rates designed to produce an increase in base rate revenues of approximately \$6.2 million per year.

2. On April 30, 2018, SUEZ also filed the following materials as supporting data, as required by 52 Pa. Code §§ 53.52 and 53.53:

- (a) Statement of Reasons;
- (b) Testimony Binder;
  - (1) Direct Testimony of John D. Hollenbach, Operations and Capital Additions;
  - (2) Direct Testimony of Constance E. Heppenstall, Income Statement, Operating Revenue, Expense Adjustments, and Rate Base;
  - (3) Direct Testimony of James C. Cagle, Tax Impact;
  - (4) Direct Testimony of Harold Walker, III, Lead Lag Study;
  - (5) Direct Testimony of Dylan W. D'Ascendis, Rate of Return;
  - (6) Direct Testimony of Paul R. Herbert, Cost of Service Allocation and Customer Rate Design;
  - (7) Direct Testimony of John J. Spanos, Depreciation Expense;
- (c) Exhibit Binder;
- (d) Exhibit JJS-1;
- (e) Exhibit JJS-2;
- (f) Exhibit JJS-3;
- (g) Minimum Filing Requirements I through IV Binder;
- (h) Minimum Filing Requirements V through XI Binder; and
- (i) Confidential Filing Requirements Binder.

3. On May 4, 2018, counsel for the Pennsylvania Public Utility Commission's ("Commission's") Bureau of Investigation and Enforcement ("I&E") entered his appearance. On May 10, 2018, the Office of Consumer Advocate ("OCA") filed a Notice of Appearance and a Formal Complaint, which was docketed at C-2018-3001786.

4. By Order entered May 17, 2018, the Commission suspended Supplement No. 53 by operation of law until January 29, 2019, unless permitted by Commission Order to become effective at an earlier date.

## **II. COUNSEL**

5. Counsel for SUEZ is:

David P. Zambito, Esq. (PA ID 80017)  
Jonathan P. Nase, Esq. (PA ID 44003)  
Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101  
Phone: (717) 703-5892  
Fax: (215) 989-4216  
E-mail: dzambito@cozen.com

## **III. SERVICE OF DOCUMENTS**

6. SUEZ's attorney is authorized to accept service on behalf of SUEZ in this proceeding. SUEZ requests that hard copies of documents be served on Attorney Zambito at the address listed above. SUEZ agrees to receive service of documents electronically in this proceeding.

## **IV. WITNESSES AND ISSUES**

7. Below is a list of the witnesses and the areas of their testimony comprising SUEZ's initial direct case in this proceeding. The subject matters listed below represent as complete a statement of issues and sub-issues as SUEZ can provide at this stage of the proceeding. Further definition of contested issues by the parties will develop within the scope of the subject matters listed below during the course of the proceeding. As an overview of its case-in-chief, SUEZ posits that the rate proceeding contains the following issues for which it has the burden of proof and which will be addressed in direct testimony:

- (a) Rate base;
- (b) Existing and future revenue;
- (c) Taxes;
- (d) Rate of return;
- (e) Operating and maintenance expenses;
- (f) Rate structure;
- (g) Other tariff changes; and,
- (h) Quality of service.

8. To address the above noted issues, SUEZ presently intends to offer the following witnesses to testify in this proceeding on the following general subject matters:

<b>WITNESS</b>	<b>AREAS OF EXPERTISE</b>
<p>A. John D. Hollenbach, General Manager and Vice President SUEZ Water Pennsylvania Inc. 4211 East Park Circle Harrisburg, PA 1711 Telephone: (717) 901-6321</p>	<p>Operations and Capital Additions.</p>
<p>B. Constance E. Heppenstall Project Manager, Rate Studies Gannett Fleming Valuation and Rate Consultants, LLC 1010 Adams Ave. Audubon, PA 19403 Telephone: (610) 650-8101 ext. 7109</p>	<p>Income Statement, Operating Revenue, Expense Adjustments and Rate Base</p>
<p>C. James C. Cagle Vice President, Rates and Regulatory Affairs United Water Management &amp; Services, Inc. 461 From Road Paramus, NJ 07652 Telephone: (201) 750-5702</p>	<p>Tax Impact</p>

**WITNESS**

**AREAS OF EXPERTISE**

- |    |                                                                                                                                                                                     |                                                        |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| D. | Harold Walker, III<br>Manager, Financial Studies<br>Gannett Fleming Valuation and Rate<br>Consultants, LLC<br>P.O. Box 80794<br>Valley Forge, PA 19484<br>Telephone: (610) 650-8108 | Lead Lag Study                                         |
| E. | Dylan W. D'Ascendis<br>Director<br>ScottMadden, Inc.<br>3000 Atrium Way, Suite 241<br>Mt. Laurel, NJ 08054<br>Telephone: (856) 242-2029                                             | Rate of Return                                         |
| F. | Paul R. Herbert<br>President<br>Gannett Fleming Valuation and Rate<br>Consultants, LLC<br>207 Senate Ave.<br>Camp Hill, PA 17011<br>Telephone: (717) 763-7212 ext. 2289             | Cost of Service Allocation and Customer Rate<br>Design |
| G. | John J. Spanos<br>Senior Vice President<br>Gannett Fleming Valuation and Rate<br>Consultants, LLC<br>207 Senate Ave.<br>Camp Hill, PA 17011<br>Telephone: (717) 763-7212 ext. 2246  | Depreciation Expense                                   |

9. SUEZ reserves the right to call additional witnesses and present testimony on additional issues that may arise during the course of the proceeding.

**V. DISCOVERY**

10. To date, SUEZ has received and responded to, or is in the process of responding to, interrogatories from I&E and OCA. SUEZ encourages the use of informal discovery processes as the proceeding progresses. SUEZ is not aware of any discovery difficulty.

11. SUEZ has discussed the following modifications of the standard discovery rules with counsel for I&E, the OCA, and the Office of Small Business Advocate (“OSBA”), and they have consented to the following modifications to shorten both the objection and response time periods and to expedite the dispute resolution process:

(a) Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service;

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

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

(d) Answers to motions to dismiss objections and/or answering of interrogatories shall be filed within three (3) calendar days of service of such motions.

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

(f) Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.

(g) Answers to on-the-record data requests shall be served in-hand within seven (7) calendar days of the requests.

(h) Any discovery served after 12:00 noon on a Friday or the day before a holiday will be deemed to have been served on the following business day for purposes of tracking due dates.

(i) All discovery due dates shall be “in-hand” and electronic or fax service on the due date will satisfy the “in-hand” requirement, where such service is immediately followed by a hard copy sent by first-class mail.



## **VI. PROTECTIVE ORDER**

12. SUEZ has provided a draft Motion for Protective Order to counsel for I&E, OCA, and the OSBA, and they have agreed to the draft. SUEZ will promptly file the motion after the Prehearing Conference in this matter.

## **VII. PROCEDURAL SCHEDULE**

13. SUEZ proposes the following schedule for resolution of this proceeding, which has been agreed to by I&E, the OCA and the OSBA:

<b>Description</b>	<b>Date</b>
Prehearing Conference	Friday, May 25, 2018
Other Parties' Direct Testimony	Friday, July 20, 2018
Rebuttal Testimony	Friday, August 17, 2018
Surrebuttal Testimony	Friday, August 31, 2018
Outline of Expected Oral Rejoinder	Wednesday, September 5, 2018
Evidentiary Hearing with Oral Rejoinder	Monday – Wednesday, September 10-12, 2018
Main Briefs	Thursday, September 27, 2018
Reply Briefs	Wednesday, October 10, 2018

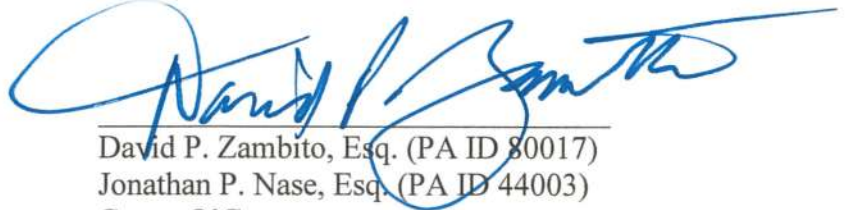
14. The preceding dates for testimony are “in-hand” delivery in Harrisburg. SUEZ requests that testimony and exhibits be delivered electronically by 4:30 p.m. on the due date, with follow-up hard copy by first-class mail or hand delivery.

15. With regard to the schedule, SUEZ is not aware of any substantial public interest being expressed that would warrant the scheduling of a public input hearing.

**VIII. SETTLEMENT DISCUSSIONS**

16. SUEZ remains open and available for settlement discussions with the other parties. SUEZ expects to undertake settlement negotiations at the earliest time available.

Respectfully submitted,



David P. Zambito, Esq. (PA ID 80017)

Jonathan P. Nase, Esq. (PA ID 44003)

Cozen O'Connor

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Harrisburg, PA 17101

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jnase@cozen.com

Counsel for *SUEZ Water Pennsylvania Inc.*

Dated: May 22, 2018