



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 22, 2018

ALJ Benjamin J. Myers
Pennsylvania Public Utility Commission
Office of Administrative Law Judge
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.
The York Water Company
Docket No. R-2018-3000019

Dear Judge Myers:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of service. If you have any questions, please contact me at 717-787-8754.

Sincerely,

John M. Coogan
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313920

JMC/snc
Enclosure

cc: Certificate of Service
Secretary Rosemary Chiavetta

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2018-3000019
 :
 The York Water Company :

CERTIFICATE OF SERVICE

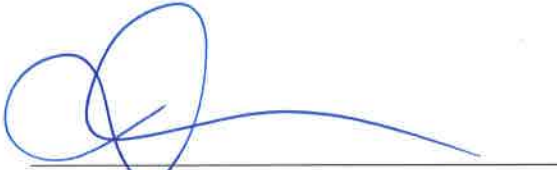
I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 22, 2018, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Served via First Class and Electronic Mail

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300 North Second Street
Suite 202, Commerce Building
Harrisburg, PA 17101



John M. Coogan
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No.313920

I. BACKGROUND

On May 30, 2018, The York Water Company ("York Water" or "Company") filed Supplement No. 130 to Tariff Water-Pa. P.U.C. No. 14 and Supplement No. 6 to Tariff Wastewater-Pa. P.U.C. No. 1 to become effective August 1, 2018. The proposed tariff changes increase total annual operating revenues for water service by approximately \$6.4 million and for wastewater service by \$288,623. Pursuant to 66 Pa. C.S. § 1308(d), the Commission ordered suspension of the proposed tariff changes until March 1, 2019, unless permitted by Commission Order to become effective at an earlier date. The Commission directed that the case be assigned to the Office of Administrative Law Judge for Alternative Dispute Resolution, if possible, and scheduling of hearings as may be necessary for the Administrative Law Judge to render a Recommended Decision.

The Office of Consumer Advocate ("OCA") filed a Formal Complaint on June 7, 2018. I&E entered its appearance on June 11, 2018. On June 14, 2018, York Water notified the Commission it declined the use of Alternative Dispute Resolution. The Office of Small Business Advocate ("OSBA") filed a Complaint on June 18, 2018. A Prehearing Conference is scheduled for Tuesday, June 26, 2018, at 1:00 p.m., before Administrative Law Judge Benjamin J. Myers ("ALJ Myers"). I&E submits this Memorandum in compliance with the Prehearing Conference Order issued by ALJ Myers on June 15, 2018.

II. ISSUES

The following list represents I&E's preliminary determination of the potential issues in this proceeding:

- Rate Base/Rate Structure/Rate Design
 - Plant in Service
 - Depreciation Reserve
 - Annual Depreciation Expense
 - Plant Held for Future Use
 - Cost of Service
 - Revenue Allocation
 - Rate Structure
 - Rate Design
 - Customer Charges / Customer Cost Analysis
 - Customer Count Projections
 - Usage per Customer Projections
 - Use of Fully Projected Future Test Year
 - Forfeited Discounts
 - Miscellaneous Service Revenue
 - Other Operating Revenue
 - Late Payment Revenue
 - Present Rate Revenue
 - Lost and Unaccounted for Water
 - Materials and Supplies
 - Costs Allocation to Wastewater
 - Wastewater Subsidy
- Rate of Return
 - Overall Rate of Return
 - Cost of Equity
 - Cost of Long Term Debt
 - Capital Structure
 - Tax Cuts and Jobs Act
- Operating and Maintenance
 - Rate Case Expense
 - Uncollectible Accounts Expense
 - Chemical Expense
 - Payroll Expense
 - Customer Survey Expense
 - Administration and General Expense

- Transmission and Distribution Expenses
- Maintenance and Grounds Expense
- Group Life Insurance Expense
- Health Insurance Expense
- Property Insurance
- Workers' Compensation Insurance
- Pension Expense
- DEP Permit Fees
- Directors Fees
- Purchased Power Expense
- Other Employee Benefits
- Acquisition Costs of Water Works Property and Rights
- Additional Load Growth Expense
- Trustee and Portfolio Management Fees
- Corporate Credit Rating Fee
- Credit Card Rebates
- Gas Service Expenses
- Dividend Reinvestment and Direct Stock Purchase Sale Plan Expenses
- Long Term Incentive Plan Costs
- Accounting Services Related to Form S-8 and Amendment thereto for Employee Stock Purchase Plan
- Legal Services Related to Form S-8 and Amendment thereto for Employee Stock Purchase Plan
- Lead and Copper Testing Expenses
- Gasoline Expenses
- Postretirement Benefits Other than Pensions
- Fuel Expense
- Magaretta Mobile Home Acquisition Costs
- Postage/Mailing Expense
- York Starview LP Acquisition Costs
- Cost to Survey the Filter Plant Property
- Cost of Service Life Study Expense
- Trustee and Bank Fees
- Amortization of Utility Plant Acquisition Adjustments
- Long Term Infrastructure Improvement Plan Expense
- Material and Supplies – Computers Expense
- Maintenance of Equipment Expense
- Customer Accounting – Outside Services Expense
- Administrative & General – Outside Services – Legal Expense
- Source of Supply Expenses

- Water Treatment Expenses
- Customer Account Expenses
- General Price Level Adjustment
- Low Income Customer Assistance Program Expense
- Depreciation
- Taxes other than Income Taxes
- Income Taxes

The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise.

III. WITNESSES

It is currently expected that I&E may call the following witnesses without being limited thereto:

<i>Joseph Kubas</i>	<u>Fixed Utility Valuation Engineer Supervisor</u>
<i>Ethan Cline</i>	<u>Fixed Utility Valuation Engineer</u>
<i>Brenton Grab</i>	<u>Fixed Utility Financial Analyst</u>
<i>Christopher Henkel</i>	<u>Fixed Utility Financial Analyst</u>

The I&E witnesses may be contacted through the contact information listed above for Mr. Coogan. I&E reserves the right to substitute witnesses or call additional witnesses if warranted.¹ All active parties will be notified of any amendments to the I&E witness list.

¹The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports. However, there may be issues of Commission policy or legal representation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

V. DISCOVERY

Due to the time limitations in the proceedings, I&E requests that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified as follows:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. Objections to interrogatories shall be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within seven (7) days of service of interrogatories.

3. Motion to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of such motions.
5. Discovery served after 12:00 noon on a Friday or after 12:00 p.m. on any business day preceding a state holiday will be deemed to be served on the next business day.

VI. SCHEDULE

The parties have not yet agreed to a mutually acceptable schedule. I&E will work with the Parties to develop a mutually agreeable procedural schedule in this proceeding.

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first-class mail.

VIII. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of Smart Hearings where possible.

IX. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues.

Respectfully submitted,



John M. Coogan
Prosecutor
PA Attorney I.D. #313920

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Date: June 22, 2018