

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 18, 2018

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

Re: Pennsylvania Public Utility Commission
v.
Pittsburgh Water and Sewer Authority
Docket Nos. R-2018-3002645 (w)
R-2018-3002647 (ww)

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lauren M. Burge".

Lauren M. Burge
Assistant Consumer Advocate
PA Attorney I.D. 311570
E-Mail: LBurge@paoca.org

Enclosures:

cc: Honorable Mark A. Hoyer
Honorable Conrad A. Johnson
Certificate of Service
*254575

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket Nos. R-2018-3002645 (w)
Pittsburgh Water and Sewer Authority : R-2018-3002647 (ww)

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 18th day of July 2018.

SERVICE BY E-MAIL and INTER-OFFICE MAIL

Gina L. Miller, Esquire
John M. Coogan, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL, POSTAGE PREPAID

Elizabeth Rose Triscari, Esquire
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/s/ Lauren M. Burge
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Dated: July 18, 2018

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2018-3002645 (Water)
	:	R-2018-3002647 (Wastewater)
Pittsburgh Water and Sewer Authority	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in response to the Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On July 2, 2018, the Pittsburgh Water and Sewer Authority (PWSA or the Authority) filed Tariff Water – Pa. P.U.C. No. 1 and Tariff Wastewater – Pa. P.U.C. No. 1 to become effective August 31, 2018. Through this filing, PWSA requests that the Commission approve its new tariffs pursuant to Act 65 of 2017, 66 Pa. C.S. § 3201 *et seq.* PWSA’s proposed tariffs propose increases to water and wastewater total annual operating revenues of approximately \$27 million per year or 17.1% on a total revenue basis over the amount of annual revenues at present rates.

PWSA is a municipal water and wastewater authority serving customers in the City of Pittsburgh and surrounding communities. PWSA provides water service to approximately 80,000 residential, commercial and industrial customers in: portions of the City of Pittsburgh; the Borough of Millvale; and portions of Reserve, O’Hara, and Blawnox Townships, Allegheny County. PWSA also provides wastewater conveyance service to customers located in the City of Pittsburgh,

Allegheny County, and also conveys sewage for portions of 24 neighboring communities. PWSA's water and wastewater operations became subject to regulation by the Pennsylvania Public Utility Commission on April 1, 2018, pursuant to Act 65 of 2017, 66 Pa. C.S. § 3201 *et seq.*

Under the Authority's proposal, a typical residential water and wastewater conveyance customer using 3,000 gallons of water per month would see their total monthly bill increase from \$63.62 to \$74.23, an increase of \$10.61 or 16.7%. For the water portion of the bill, this includes an increase from \$42.07 to \$49.84, an increase of \$7.77 or 18.5%. For the wastewater conveyance portion of the bill, this includes an increase from \$21.55 to \$24.39, an increase of \$2.84 or 13.2%.

II. ISSUES

The OCA is currently conducting discovery in this proceeding. As soon as the OCA has received all of the discovery information and has had the opportunity to review it, the OCA anticipates that additional discovery and/or informal discovery meetings can be scheduled. At those meetings and discussions, the OCA will narrow the scope of additional information requests. Once the discovery process is complete, the OCA will file direct testimony which will set forth the specific issues it will address in this proceeding. At that time, the OCA will also make and quantify its specific recommendations.

The issues and sub-issues set forth below, and others that may develop during discovery, will be analyzed and presented as appropriate by the OCA with the assistance of its expert witnesses:

A. Accounting and Finance

1. The OCA will examine the Authority's claimed revenues and any adjustments to the level of revenues. The OCA will seek to ascertain whether PWSA's claimed expenses are supported, reasonable, and appropriate.

B. Rate Design and Cost Allocation

1. The OCA will examine the reasonableness of PWSA's proposed distribution of the revenue increase among customer classes.

2. The OCA will examine PWSA's cost of service studies, including the methodology used and the reasonableness of the allocations.

3. The OCA will examine PWSA's proposed rate design, including its proposed effects on residential customers and its ability to reflect the cost to serve different classes of customers.

C. Low-Income Programs

1. The OCA will analyze current and proposed PWSA operations, practices and procedures related to serving low-income customers.

2. The OCA will examine how PWSA's proposed rate increase and rate structure will affect low-income and/or low-usage customers.

3. The OCA will review the Authority's current Customer Assistance Program (CAP) and any proposed changes to the program.

D. Quality of Service

1. The OCA will review the Authority's quality of service to ensure that it is providing safe, adequate, and reliable service, and water that is useful for all household purposes, and that its wastewater collection and conveyance system is operating as required.

2. The OCA will review the Authority's program and practices for replacing lead service lines.

E. Tariffs

1. The OCA will examine the reasonableness and appropriateness of the

Authority's proposed tariffs, including formatting and compliance with all applicable regulations.

F. Customer Service

1. The OCA will review the Authority's consumer protection policies and programs in order to ensure compliance with Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations.

2. The OCA will examine the Authority's customer service, including internal training and management oversight policies and programs.

3. The OCA will examine the Authority's consumer education programs, particularly with regard to changes in billing and collection rights and remedies, and complaint processes.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. Each witness will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that, in addition to mailing copies to OCA counsel, parties send copies of all interrogatory answers and testimony directly to the expert witness(es) responsible for the appropriate area of the case. The OCA also requests that CDs containing any interrogatory responses be mailed directly to the applicable consultant.

Accounting/Regulatory Policy:

Ashley E. Everette
Regulatory Analyst
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
AEverette@paoca.org

Rate Design/Cost Allocation/
Regulatory Policy:

Scott Rubin
333 Oak Lane
Bloomsburg, PA 17815
SCOTT.J.RUBIN@gmail.com

Quality of Service:

Terry Fought, P.E.
780 Cardinal Drive
Harrisburg, PA 17111
tlfengr@comcast.net

Tariffs/Customer Service:

Barbara R. Alexander
83 Wedgewood Drive
Winthrop, ME 04364
barbalex@ctel.net

Low-Income Programs:

Roger D. Colton
Fisher, Sheehan & Colton
34 Warwick Road
Belmont, MA 02478
roger@fsconline.com

The OCA specifically reserves the right to call additional witnesses, as necessary. All parties of record will be notified as soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case.

IV. EVIDENCE

The OCA will rely on the direct, rebuttal, and surrebuttal testimony of its expert witnesses as well as the testimony of other parties to the proceeding. The OCA will also present relevant exhibits to support its own testimony, including but not limited to, materials obtained from the Authority through discovery and cross-examination.

V. SERVICE ON THE OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocates Christine Maloni Hoover and Erin L. Gannon and Assistant Consumer Advocate Lauren M. Burge. The OCA has created a group e-mail address provided below. This is the only email address that

is required for service on the OCA; it will provide the emailed materials to all members of the OCA team including the consultants listed above. Two copies of all documents should be served on the OCA as follows:

Christine M. Hoover, Senior Assistant Consumer Advocate
Erin L. Gannon, Senior Assistant Consumer Advocate
Lauren M. Burge, Assistant Consumer Advocate
OCAPWSA2018@paoca.org

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923

(717) 783-5048 (telephone)
(717) 783-7152 (facsimile)

VI. PUBLIC INPUT HEARINGS

The OCA respectfully requests that the Commission hold public input hearings in PWSA's service territory in order to provide customers with an opportunity to be heard on the record pursuant to Act 65 of 2017, 66 Pa. C.S. § 3204(a). The OCA requests that the public input hearings be held as early in the proceeding as possible while allowing for sufficient notice of the public input hearings to PWSA customers. Additionally, the OCA is willing to work with the parties and the scheduling office to identify acceptable dates and locations for public input hearings.

The OCA also requests that the Authority be directed to extensively advertise these public input hearings. Newspaper notice must be advertised in the general readership sections of local newspapers, not in the legal section. Other methods of informing its customers of the public input hearings, including social media and the Company's website, should be utilized as well. In addition, the OCA requests the other parties involved in the proceeding be permitted to review these public input announcements prior to their publication and distribution and have input into which publications the ads are placed.

VII. PROPOSED SCHEDULE

The OCA's proposed schedule is attached as Appendix A. The parties have discussed this proposed schedule and it is the OCA's understanding that it is mutually agreeable to the OCA, PWSA, I&E, OSBA, and Pittsburgh UNITED.

VIII. DISCOVERY

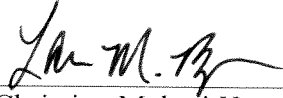
To date, the OCA has served five (5) sets of interrogatories on the Authority. The OCA proposes the following modifications to the Commission's discovery regulations. The OCA notes, however, that it anticipates using informal discovery in this case and will work with PWSA to ensure that discovery is completed efficiently and effectively.

- A. Answers to written interrogatories to be served in-hand within fifteen (15) calendar days of service of the interrogatories. However, PWSA will make best efforts to provide responses within ten (10) calendar days of service.
- B. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.
- C. Answers to on-the-record data requests to be served in-hand within seven (7) calendar days of the request.

IX. SETTLEMENT

The OCA is willing to participate in settlement discussions.

Respectfully Submitted,



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Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

DATE: July 18, 2018

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APPENDIX A

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3002645 (Water)
	:	Docket No. R-2018-3002647 (WW)
Pittsburgh Water and Sewer Authority	:	

PROPOSED PROCEDURAL SCHEDULE OF THE OFFICE OF CONSUMER ADVOCATE

Public Input Hearings	Week of September 17-21, 2018
Direct Testimony Of Non-Company Parties	October 2, 2018
OCA Direct Testimony of Terry Fought (related to Public Input testimony)	October 4, 2018*
Rebuttal Testimony	November 1, 2018
Surrebuttal Testimony	November 20, 2018
Evidentiary Hearings	November 27-30, 2018
Main Briefs	December 17, 2018
Reply Briefs	December 28, 2018
End of Suspension Date	March 31, 2019

*OCA will make best efforts to provide this testimony by October 2, 2018.