

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 4, 2018

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Borough of Indiana Supplement No. 11 to Sewer – PA P.U.C. No. 1
Docket No. R-2018-3003141

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 blue ink that reads "Christine Maloni Hoover".

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. #50026
E-Mail: choover@paoca.org

Attachment

cc: The Honorable Mary D. Long, ALJ
Certificate of Service
*257956

CERTIFICATE OF SERVICE

Re: Borough of Indiana Supplement : Docket No. R-2018-3003141
No. 11 to Sewer – PA P.U.C. No. 1 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Prehearing Memorandum to the Borough of Indiana, 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 4th day of September 2018.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Erika L. McLain
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

Neva L. Stotler
2605 Nicholson Road
Suite 2201
Sewickley, PA 15143
Counsel for the Borough of Indiana

David P. Zambito
Jonathan P. Nase
17 North Second Street, Suite 1410
Harrisburg, PA 17101

/s/ Christine Maloni Hoover
Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. #50026
Email: CHoover@paoca.org

Counsel For:
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3003141
	:	
Borough of Indiana	:	

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 by Administrative Law Judge (ALJ) Long in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. HISTORY OF THE PROCEEDING

On June 28, 2018, the Borough of Indiana (Borough) filed Supplement No. 11 to Tariff Water/Wastewater - Pa. P.U.C. No. 1, to become effective September 1, 2018. The Borough, by filing this tariff supplement, seeks Commission approval to implement rate changes that would increase the level of rates that it charges for providing service to its customers.

If the proposed tariff supplement becomes effective, the Borough will benefit from an opportunity to recover an estimated annual increase in base rate revenues of \$880,920 from its customers. This represents an approximate 33% increase in the Borough’s annual revenues at present rates. The Borough states that \$390,062 of this increase is attributable to customers outside the Borough. This represents an approximate 31.76% increase for customers outside the Borough.

Under the Borough's filing, the proposed flat monthly rate would increase from \$12.57 to \$16.72, or by 33%, for service to a single-family resident. Metered service is provided to customers whose water is served by Pennsylvania-American Water Company and appears to apply only to Commercial and Public customers. The proposed rates for customers receiving metered service is a flat monthly rate of \$16.72 and a volumetric charge of \$4.18 per 1,000 gallons used over 4,000 gallons. Usage over 20,000 gallons is proposed to be \$3.46 per 1,000 gallons per month.

The Borough serves approximately 3,216 customers inside the Borough and 3,973 outside the Borough. Of the 3,973 PUC jurisdictional customers, 3,524 are residential. Jurisdictional customers are located in White Township, Indiana County.

On July 31, 2018, the OCA filed a Formal Complaint (C-2018-3003732) against the proposed increase in rates and a Notice of Appearance. The Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on August 16, 2018. On August 23, 2018, the Commission issued an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rates, and suspended the effective date until April 1, 2019 by operation of law.

The Commission assigned the case to Administrative Law Judge Long. The Borough has agreed to participate in the Commission's mediation process and will extend the effective date by sixty days, or until June 1, 2019.

II. ISSUES

After completing discovery and any follow up discovery, and after receiving the Borough's direct testimony, the OCA will file direct testimony that will set forth the specific issues to be addressed in this proceeding. At that time, the OCA will also be able to make and to quantify its specific

recommendations. Generally, the OCA is reviewing issues related to rate base, revenues, and expense claims, rate of return, including capital structure, cost of debt, rate design, tariff rules and regulations, and quality of service.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witness in this proceeding. Each witness will present testimony in written form and will 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 copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the expert witness responsible for that area of the case, as well as mailing a copy to counsel for the OCA:

Accounting/Regulatory Policy/Rate of Return:

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

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

IV. SETTLEMENT

The OCA is willing to participate in settlement discussions and the mediation process.

V. DISCOVERY

To date, the OCA has served two sets of interrogatories on the Borough. Answers to

Set I were due on September 4, 2018 and answers to Set II are due on September 10, 2018. The OCA has offered to work with the Borough so that it can provide the answers informally. The Borough has not yet provided any responses, either formally or informally.

The OCA will review the responses when they are received. As soon as the OCA determines whether additional discovery, including informal discovery, is needed, the OCA will issue the discovery.

VI. PUBLIC INPUT HEARING

The OCA is not requesting a public input hearing at this time, however, if public requests arise such that a public input hearing may be necessary, the OCA will notify the ALJ and the parties and make the request.

VII. SERVICE ON THE OCA

Senior Assistant Consumer Advocate Christine Maloni Hoover will represent the OCA in this case. Two copies of all documents should be served on the OCA as follows:

Christine Maloni Hoover
Senior Assistant Consumer Advocate
Email: CHoover@paoca.org

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152

The OCA requests that the parties and the ALJ add two additional emails to the distribution list: aeeverette@paoca.org and dcaley@paoca.org. The OCA will extend the same courtesy to any other parties requesting that additional persons be included on the e-mail distribution list.

VIII. PROPOSED LITIGATION SCHEDULE

The parties have not yet agreed to a mutually acceptable schedule. The OCA is willing to work with the parties and the ALJ to arrive at a schedule for litigation if mediation does not resolve all of the issues in the case.

Respectfully Submitted,



Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: Choover@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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