



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE
REFER TO OUR FILE

May 24, 2019

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, PA 17105

Re: Pennsylvania Public Utility Commission v.
Community Utilities of Pennsylvania Inc. – Water Division
Docket No. R-2019-3008947

Pennsylvania Public Utility Commission v.
Community Utilities of Pennsylvania Inc. – Wastewater Division
Docket No. R-2019-3008948

Dear Secretary Chiavetta:

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

Copies are being served on all active parties of record as evidenced in the attached Certificate of Service. If you have any questions, please do not hesitate to contact me at (717) 783-7998.

Sincerely,

A handwritten signature in cursive script that reads "Allison C. Kaster". The signature is written in black ink and is positioned above a horizontal line.

Allison C. Kaster
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 93176

ACK/ac
Enclosure

cc: Hon. F. Joseph Brady (ALJ, PUC Philadelphia)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2019-3008947
Community Utilities of Pennsylvania Inc.	:	
Water Division	:	
	:	
	:	
Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2019-3008948
Community Utilities of Pennsylvania Inc.	:	
Wastewater Division	:	
	:	
	:	

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

Pursuant to the Prehearing Conference Order dated May 15, 2019, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

I. Introduction

On April 1, 2019, Community Utilities of Pennsylvania Inc. (CUPA), filed Supplement No. 5 to Tariff Water–Pa. P.U.C. No. 1 to become effective June 1, 2019, seeking to increase CUPA’s total annual operating revenues for water service by approximately \$362,019, or 26.34%.

On April 1, 2019, Community Utilities of Pennsylvania Inc. – Wastewater Division (CUPA-WD) filed Supplement No. 3 to Tariff Wastewater–Pa. P.U.C. No. 1 to become effective June 1, 2019, seeking to increase CUPA-WD’s total annual operating revenues for wastewater service by approximately \$378,770, or 20.8%.

By Orders entered May 9, 2019, the Pennsylvania Public Utility Commission instituted an investigation into the lawfulness, justness, and reasonableness of rates, rules, and regulations contained in Supplement No. 5 to Tariff Water–Pa. P.U.C. No. 1 and Supplement No. 3 to Tariff Wastewater–Pa. P.U.C. No. 1. Pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S.A. § 1308(d), both Tariffs were suspended by operation of law until January 1, 2020, unless permitted by Commission Order to become effective at an earlier date. In addition, the Commission ordered that the investigation include consideration of the lawfulness, justness and reasonableness of the existing rates, rules, and regulations of CUPA and CUPA-WD.

The matter was assigned to the Office of Administrative Law Judge for the prompt scheduling of hearings culminating in the issuance of a Recommended Decision. On May 15, 2019, Administrative Law Judge F. Joseph Brady issued a Prehearing Conference Order indicating that Prehearing Conference Memorandum must be served on May 24, 2019 on or before 12:00 p.m. A Prehearing Conference is scheduled for Tuesday, May 28, 2019, 2019 at 10:00.

II. Service

Allison Kaster is the assigned I&E Prosecutor in this proceeding. Contact information is as follows:

By mail: Allison C. Kaster
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

By e-mail: akaster@pa.gov

By telephone: (717) 783-7998

By fax: (717) 772-2677

III. Discovery

The parties have begun engaging in formal discovery and anticipate utilizing informal discovery during the mediation process. At this time, I&E does not propose any modifications to the Commission's discovery regulations.

IV. Issues

The following list represents I&E's preliminary determination of potential issues in this proceeding. The listing is as complete as can be made at this time; however, I&E reserves the right to address other issues if any such relevant issues arise:

Rate of Return

- Overall Rate of Return
- Capital Structure
- Cost of Debt
- Cost of Common Equity

O&M Expenses

Salaries/Wages
Pension/Benefits
Purchased Power Expense
Materials and Supplies
Building Rental/Real Property
Rate Case Expense
Taxes

Rate Structure/Rate Design/Rate Base

Plant in Service
Customer Charges
Revenue Allocation
Annual Depreciation Expense
Unaccounted for Water
Contributions-In-Aid-Of-Construction

V. Witnesses

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

- Brenton Grab, Fixed Utility Financial Analyst: O&M Expenses
- Anthony Spadaccio, Fixed Utility Financial Analyst: Rate of Return
- Holly Gilliland, Fixed Utility Valuation Engineer: Rate Structure/Rate Design/Rate Base (Wastewater Division)
- Esyan Sakaya, Fixed Utility Valuation Engineer: Rate Structure/Rate Design/Rate Base (Water Division)

The I&E witnesses may be contacted through the contact information listed above for Allison Kaster. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the names of witnesses listed above.

VI. Schedule

I&E will work with the other parties to develop a mutually agreeable schedule in this matter.

VII. Settlement

I&E is willing to make good faith efforts to successfully resolve this matter. In the event that settlement discussions do not result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



Allison C. Kaster
Prosecutor
PA Attorney ID 93176

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

Dated: May 24, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2019-3008947
Community Utilities of Pennsylvania Inc.	:	
Water Division	:	
	:	
	:	
	:	
Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2019-3008948
Community Utilities of Pennsylvania Inc.	:	
Wastewater Division	:	

CERTIFICATE OF SERVICE


I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated May 24, 2019, 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

Thomas J. Sniscak, Esquire
Whitney E. Snyder, Esquire
Bryce R. Beard, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
wesnyder@hmslegal.com
brbeard@hmslegal.com

Christine Maloni Hoover, Esq.
Phillip D. Demanchick, Esq.
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
CHoover@paoca.org
pdemanchick@paoca.org

John R. Evans
Office of Small Business Advocate
300 North Second Street
Commerce Building, Suite 202
Harrisburg, PA 17101-1303
jorevan@pa.gov


Allison C. Kaster
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 93176