


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 29, 2019

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

Re: Pennsylvania Public Utility Commission
v.
City of Lancaster – Sewer Fund
Docket No. R-2019-3010955

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Harrison W. Breitman".

Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Enclosures:

cc: Office of Special Assistants (email only: ra-OSA@pa.gov)
Office of Administrative Law Judge
Bureau of Technical Utility Services (email only)
Certificate of Service
*276713

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility :
Commission : Docket No. R-2019-3010955
v. :
City of Lancaster – Sewer Fund :

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

Dated this 29th day of July 2019.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard A. Kanaskie, 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

John R. Evans
Office of Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101

John J. Gallagher, Esquire
City of Lancaster
711 Forrest Road
Harrisburg, PA 17112

/s/ Harrison W. Breitman
Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org
*276714

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: July 29, 2019

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey, Acting Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone (717) 783-5048

Facsimile (717) 783-7152

2. UTILITY NAME (RESPONDENT)

City of Lancaster – Sewer Fund
Docket No. R-2019-3010955

3. TYPE OF UTILITY

Wastewater

4. COMPLAINT

- A. On July 19, 2019, the City of Lancaster – Sewer Fund (the City) filed Supplement No. 39 to Tariff Sewer - Pa. P.U.C. No. 7, to become effective September 17, 2019. The City, by filing this tariff supplement, seeks Commission approval of rates and rate changes that would increase the level of rates that it charges for providing wastewater service to its customers who reside outside of the City.
- B. If the proposed tariff supplement becomes effective, the City will benefit from an opportunity to recover an estimated annual increase in base rate revenues of \$646,727. This represents an approximate 46.7% increase in the City's annual revenues at present rates from wastewater customers who reside outside of the City. Under the City's proposal, the proposed metered usage rates would increase from \$52.25 to \$75.66 per quarter, or by 44.8% for the average residential customer using 12,000 gallons of wastewater per quarter.
- C. The City serves 3,385 customers (3,124 residential, 253 commercial, and 8 industrial) outside of the City in a portion of the Townships of East Lampeter, East Hempfield, Lancaster, Manheim, and Manor in Lancaster County, Pennsylvania.

- D. The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. C.S.. §§ 309-1 et seq.
- E. A preliminary examination of the City's rate increase request indicates that the City's present rates and proposed charges, increases and changes in rates, rules, and regulations contained within the request are or may be unjust, unreasonable, and in violation of law; will or may allow the City an opportunity to recover an excessive rate of return on its utility property investment, in violation of the Public Utility Code; will or may discriminate against certain customers; will or may compensate the City for providing inadequate service to some or all of its customers; and otherwise may be contrary to sound ratemaking principles and public policy.

5. RELIEF

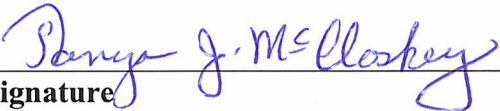
The Acting Consumer Advocate respectfully requests that Your Honorable Commission take the following actions:

- A. Suspend and investigate the operation of the proposed tariff supplement, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B. Consolidate all complaints filed against the proposed increase;
- C. Hold full evidentiary hearings examining the reasonableness of the City's current rates and its proposed increases in rates;
- D. After providing the public with adequate notice, hold public input hearings in the City's service territory outside of the City, in order to provide its customers with an opportunity to be heard on the record;
- E. Deny any changes contained in the proposal which cannot be fully justified by the City, or which otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- F. Grant such other relief that the Commission may deem to be necessary and proper.

6. VERIFICATION AND SIGNATURE

Verification:

I, Tanya J. McCloskey, Acting Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).


Signature

July 29, 2019
Date

7. LEGAL REPRESENTATION

Christine Maloni Hoover, Sr. Assistant Consumer Advocate, PA Bar No. 50026
Harrison W. Breitman, Assistant Consumer Advocate, PA Bar No. 320580
Phillip D. Demanchick Jr., Assistant Consumer Advocate, PA Bar No. 324761

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PDemanchick@paoca.org

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the PUC involving the proposed rate increase requested by the City of Lancaster – Sewer Fund (the City).

The objective of the Acting Consumer Advocate in filing a Formal Complaint in this matter is to protect the interests of the City's customers residing outside of the City. The Acting Consumer Advocate will seek to ensure that the City is permitted to implement only a level of rates that is fully justified and in accordance with sound ratemaking principles. The Acting Consumer Advocate will strive to prevent the City from collecting from PUC-jurisdictional ratepayers all alleged costs that cannot be justified, or are unreasonable or unduly discriminatory, or otherwise violative of the Public Utility Code.

The Acting Consumer Advocate submits that the City's current rates and the rates sought by the City may be unjustifiable and unlawful based upon information filed by the City in support of its claim.

The Acting Consumer Advocate has filed this Formal Complaint and will, in the course of the proceedings, investigate the City's proposed rate increase of \$646,727 and request that the PUC deny all proposed increases or changes that are not proven to be justified, reasonable, and in accordance with sound ratemaking principles. Under the City's proposal, the proposed metered usage rates would increase from \$52.25 to \$75.66 per quarter, or by 44.8% for the average residential customer using 12,000 gallons of wastewater per quarter. The City serves 3,385 customers (3,124 residential, 253 commercial, and 8 industrial) outside of the City in a

portion of the Townships of East Lampeter, East Hempfield, Lancaster, Manheim, and Manor in
Lancaster County, Pennsylvania.