



June 3, 2020

VIA E-File

The Honorable Conrad A. Johnson
Administrative Law Judge
Pennsylvania Utility Commission
Piatt Place, Suite 220
301 5th Avenue
Pittsburgh, PA 15222
cojohnson@pa.gov

Re: Pa. PUC v. Pennsylvania American Water Company, Docket Nos. R-2020-3019369
(Water); R-2020-3019371 (Wastewater)

**Prehearing Conference Memorandum of the Coalition for Affordable Utility
Services and Energy Efficiency in Pennsylvania (CAUSE-PA).**

Dear Judge Johnson,

Please find the attached **Prehearing Conference Memorandum of the Coalition for
Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the
above-referenced matters.

Pursuant to the Commission's Emergency Order issued on March 20, 2020, and as indicated on
the attached Certificate of Service, service on the parties was accomplished by email only, unless
otherwise noted.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Ria M. Pereira".

Ria M. Pereira, Esq.

Counsel for CAUSE-PA

CC: Rosemary Chiavetta, Secretary
Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2020-3019369
	:	R-2020-3019371
Pennsylvania American Water Company	:	

**PREHEARING CONFERENCE MEMORANDUM OF THE COALITION FOR
AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN
PENNSYLVANIA**

PENNSYLVANIA UTILITY LAW PROJECT

Counsel for CAUSE-PA

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June 3, 2020

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I. INTRODUCTION

On May 22, 2020, a Prehearing Conference Order was issued by Administrative Law Judge Conrad A. Johnson, setting a call-in prehearing conference for Thursday, June 4, 2020 at 1:00 p.m. and requiring parties to file a Prehearing Conference Memorandum no later than Wednesday, June 3, 2020 at 4:00 p.m. In response, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, hereby files this Prehearing Conference Memorandum in the above-captioned matters.

II. HISTORY OF PROCEEDING

On April 29, 2020, Pennsylvania American Water Company (PAWC or the Company) submitted a rate filing, Supplement No. 19 to its Tariff Water PA PUC No. 5, and Supplement No. 19 to its Tariff Wastewater PA PUC No. 16. PAWC proposes a multi-year increase to its water and wastewater rates pursuant to 66 Pa. C.S. § 1308(d). PAWC proposes to increase the Company's total annual operating revenues by \$138.6 million over two years. Specifically, PAWC proposes to increase rates by approximately \$92.4 million, or 12.9%, in 2021 (Rate Year 1) and \$46.2 million, or 5.8%, in 2022 (Rate Year 2).

On May 12, 2020, CAUSE-PA filed a Petition to Intervene and Answer in the above captioned-matters. In its Petition to Intervene and Answer, CAUSE-PA requested that it be granted full status as an intervener with active party status in the above-captioned matters and identified a number of issues present in PAWC's filing that require further investigation and hearings. Such issues are discussed in further detail below.

On May 22, 2020, a Prehearing Conference Order was issued by Administrative Law Judge Johnson, setting a call-in prehearing conference for Thursday, June 4, 2020 at 1:00 p.m. and requiring parties to file a Prehearing Conference Memorandum no later than Wednesday, June 3, 2020 at 4:00 p.m. CAUSE-PA submits the instant Prehearing Conference Memorandum in compliance with said Order.

III. REPRESENTATION OF CAUSE-PA AND SERVICE

CAUSE-PA is represented in this proceeding by counsel at the Pennsylvania Utility Law Project, and requests consolidated service as follows:

Ria Pereira, Esq.
Elizabeth R. Marx, Esq.
John W. Sweet, Esq.
PENNSYLVANIA UTILITY LAW PROJECT
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E-mail: pulp@palegalaid.net

Pursuant to the Commission's Emergency Order issued on March 20, 2020, CAUSE-PA requests service by email during the pendency of the Proclamation of Disaster Emergency in Pennsylvania. After the Proclamation of Disaster Emergency is lifted, CAUSE-PA requests that parties serve both an electronic and a single hard copy of all documents served in this proceeding on the Pennsylvania Utility Law Project, as listed above.

IV. ISSUES TO BE PRESENTED

While additional issues may arise as a more comprehensive review of PAWC's filing takes place, on preliminary review of PAWC's tariff filing, CAUSE-PA has identified the following issues present in PAWC's filing that require further investigation and hearing:

1. Further investigation is necessary to determine whether the terms, conditions, and rates set forth by PAWC's tariff filing are just and reasonable. Preliminary review of PAWC's filing suggests that the proposed multi-year increases to PAWC's rates would substantially increase residential customers' monthly water and wastewater bills. Preliminary review of PAWC's tariff filing further suggests that the terms, conditions, and rates for water services set forth in the instant filings are unjust, unreasonable, and not consistent with the laws and policies of this Commonwealth, as they are not appropriately designed to ensure that all consumers are able to access safe and affordable water service and would have a disproportionate impact on low-, fixed-, and moderate-income households.
2. Preliminary review of PAWC's filing further suggests that PAWC's proposed changes to its low income programs are inadequate to remediate the effects of the proposed rate increase on low income customers. In its tariff filing, for customers at or below 150% of the FPL, PAWC proposes to add a 10% discount to the volumetric charge for water customers in addition to the current 85% discount on the service charge and to increase the wastewater total bill discount from 20% to 30% of the total bill. (PAWC St. No. 4 at 46: 14-17; Id. at 46: 20-23; Id. at 47: 1-2). CAUSE-PA is concerned that PAWC does not propose additional assistance or outreach for low and moderate income consumers. Further investigation is needed to ensure that low income consumers have access to affordable service and are adequately protected against PAWC's proposed rate increase, and to ensure that PAWC's low income programs are appropriately designed to meet the needs of the communities that PAWC serves.

3. CAUSE-PA is also deeply concerned that PAWC has elected to propose a rate increase during the COVID-19 pandemic. While the extent of the economic fall-out from the pandemic response is not yet known, a steep increase in rates such as the increase proposed by PAWC would be disproportionately harmful to low-, fixed-, and moderate-income households, who have already suffered disproportionate economic and health impacts associated with the pandemic. In light of the potential long-term impacts from COVID-19 on consumer's livelihoods, CAUSE-PA asserts that further investigation is necessary to accurately evaluate the ability of consumers to bear the costs of the proposed rate increase.

CAUSE-PA asserts that the issues identified above, along with any future issues identified by interested parties, must be thoroughly reviewed to ensure that all PAWC customers are able to access safe and affordable utility services. Without investigation of the above-stated issues, PAWC's tariff filing could result in unjust and unreasonable terms, conditions, and rates for critical water services that would impose severe hardship on the health, safety, and economic stability of residents in PAWC's service territory.

V. EVIDENCE TO BE PRESENTED

CAUSE-PA expects to present written direct, rebuttal, and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. CAUSE-PA intends to rely on PAWC's filings, testimony of PAWC's witnesses and the witnesses of other parties, exhibits, responses and answers to discovery, Commission orders and other filings from prior and/or ongoing proceedings before the Commission or other government bodies or courts, reports and/or documents submitted to the Commission, and public documents related to the issues and sub-issues raised above. CAUSE-PA reserves the right to present evidence of any issues that arise

through the course of the proceeding, including but not necessarily limited to the issues identified above or by the other parties to this proceeding. Any and all evidence presented by CAUSE-PA will be directed to ensure that low income customers are adequately and appropriately protected.

VI. WITNESSES AND TESTIMONY

CAUSE-PA intends to present the following witness to testify in this matter, and reserves the right to call additional witnesses as may be warranted upon proper notice to Your Honor and the parties:

Mitchell Miller
Mitch Miller Consulting LLC
60 Geisel Road
Harrisburg, PA 17112
717-903-2196

Mitchmiller77@hotmail.com

Mr. Miller will address the issues identified above, as well as other issues that may arise in the course of this proceeding.

VII. DISCOVERY

CAUSE-PA supports the standard discovery modifications requested by the Office of Consumer Advocate (OCA).

VIII. LITIGATION SCHEDULE

CAUSE-PA is attempting to coordinate with PAWC and other parties to the proceeding to reach a mutually agreeable litigation schedule in this matter. On May 28, 2020, OCA filed an Expedited Motion for Extension of Statutory Period in the current matters in light of the unprecedented emergency caused by COVID-19. On June 1, 2020, CAUSE-PA filed an Answer in Support of OCA's Expedited Motion, and additionally asserted that PAWC should be required

to make an updated filing after pendency of the Proclamation of Disaster Emergency which would set forth changes to the filing as a result of the economic impacts of COVID-19. As of the filing of this Prehearing Conference Memorandum, the parties have not yet reached a settlement regarding OCA's Expedited Motion. CAUSE-PA is attempting to coordinate with PAWC and other parties to arrive at a settlement of this issue, and would request that OCA's Expedited Motion and the Answers filed thereto be held in abeyance for one week to allow the parties time to work through this issue.

IX. SETTLEMENT

CAUSE-PA is willing and ready to engage in settlement discussions in an attempt to resolve or narrow the issues in this proceeding, with any and all parties, and encourages the parties to engage in settlement early in the process.

X. CONCLUSION

CAUSE-PA respectfully submits this Prehearing Conference Memorandum and requests that it be entered into the record of this proceeding.

Respectfully submitted,

PENNSYLVANIA UTILITY LAW PROJECT

Counsel for CAUSE-PA



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Dated: June 3, 2020

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Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2020-3019369
	:	R-2020-3019371
Pennsylvania American Water Company	:	

Certificate of Service

I hereby certify that I have this day served copies of the **Prehearing Conference Memorandum of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 and consistent with the Commission's Emergency Order issued on March 20, 2020.

VIA EMAIL ONLY	
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Respectfully Submitted,
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June 3, 2020