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June 3, 2020

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

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

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the Pennsylvania-American Water Large Users Group ("PAWLUG"), in the above-referenced proceeding.

As shown by the attached Certificate of Service and per the Commission's March 20, 2020, Emergency Order, all parties to this proceeding are being duly served via email only due to the current COVID-19 pandemic. Upon lifting of the aforementioned Emergency Order, we can provide parties with a hard copy of this pleading upon request.

Sincerely,

McNEES WALLACE & NURICK LLC

By 

Adeolu A. Bakare

Counsel to the Pennsylvania-American Water Large Users Group ("PAWLUG")

c: Administrative Law Judge Conrad A. Johnson (via e-mail)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Certificate of Service

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Adeolu A. Bakare

Counsel to the Pennsylvania-American Water
Large Users Group

Dated this 3rd day of June, 2020, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2020-3019369 (Water)
Office of Consumer Advocate	:	C-2020-3019751
Office of Small Business Advocate	:	C-2020-3019767
Jessica and Jeffrey Labarge	:	C-2020-3019627
Mr. and Mrs. Gerald S. Lepre, Jr.	:	C-2020-3019646
Victoria Lozinak	:	C-2020-3019778

v.

Pennsylvania-American Water Company

Pennsylvania Public Utility Commission	:	R-2020-3019371 (Wastewater)
Office of Consumer Advocate	:	C-2020-3019754
Office of Small Business Advocate	:	C-2020-3019772
Jessica and Jeffrey Labarge	:	C-2020-3019627
Mr. and Mrs. Gerald S. Lepre, Jr.	:	C-2020-3019646
Victoria Lozinak	:	C-2020-3019778

v.

Pennsylvania-American Water Company

**PREHEARING MEMORANDUM OF THE
PENNSYLVANIA-AMERICAN WATER LARGE USERS GROUP**

Pursuant to 52 Pa. Code § 5.224(c), the Pennsylvania-American Water Large Users Group ("PAWLUG") hereby submits this Prehearing Memorandum in the above-referenced proceeding.

I. HISTORY OF THE PROCEEDING

On April 29, 2020, Pennsylvania-American Water ("PAWC") filed with the Commission Supplement No. 19 to Tariff Water-Pa. P.U.C. No. 5 ("Water Tariff") and Supplement No. 19 to Tariff Wastewater-Pa. P.U.C. No. 16 ("Wastewater Tariff"). By this filing, PAWC requested an

overall increase in rates of approximately \$138.6 million per year, or \$138.6 million over the two-year period of the multi-rate plan proposed. Specifically, a revenue increase of \$92.4 million in 2021 or 12.9%, and approximately \$46.2 million or 5.8% in 2022.

A Prehearing Conference has been scheduled in this proceeding for June 4, 2020. On June 3, 2020, PAWLUG filed a Complaint establishing its significant interest in this proceeding.

II. ANTICIPATED ISSUES AND SUB-ISSUES

PAWLUG submits that the information and data filed in support of the proposed rates and tariff provisions are insufficient to establish that the proposed rates are just, reasonable and nondiscriminatory, as required by Sections 1301 and 1304 of the Public Utility Code. 66 Pa.C.S. §§ 1301 and 1304.

- a) the size of the requested rate increase, especially in light of the relief provided by the PUC in PAWC's 2017, 2013, and 2011 base rate proceedings;
- b) the accuracy and legitimacy of the Cost of Service Study allocation methodology;
- c) the proposed distribution of the increase among customer classes;
- d) rate structure and rate design;
- e) the reasonableness of PAWC's proposed Regionalization and Consolidation Surcharge;
- f) The reasonableness of PAWC's proposed pension tracker;
- g) issues relating to ongoing recovery from ratepayers for infrastructure improvements under the Distribution System Improvement Charge ("DSIC"); and
- h) the nexus between PAWC's revenue claims in this proceeding and the benefits that the Company has received, and will continue to receive, through the DSIC

PAWLUG anticipates pursuing these issues during this proceeding and PAWLUG also reserves the right to raise further issues and to respond to issues raised by other parties.

III. PROPOSED WITNESSES

PAWLUG is still evaluating whether it will present any witnesses in this proceeding. If PAWLUG determines that it will present such witnesses, PAWLUG will inform the ALJ and the other parties as soon as possible. PAWLUG also intends to participate in this proceeding

through the submission of discovery, cross-examination of other parties' witnesses and the submission of briefs, exceptions and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

PAWLUG will cooperate with the ALJ and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any directives issued by the ALJ.

V. POSSIBILITY OF SETTLEMENT

PAWLUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC



By _____

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Dated: June 3, 2020