

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 10, 2020

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

Re: Pennsylvania Public Utility Commission
v.
Reynolds Disposal Company
Docket No. R-2020-3019612

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.

Very truly yours,

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

Enclosures:

cc: The Honorable Emily I. DeVoe (**email only**)
Certificate of Service

*295839

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2020-3019612
Reynolds Disposal Company :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, 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 10th day of September 2020.

SERVICE BY E-MAIL ONLY

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Dated: September 10, 2020
*295838

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2020-3019612
	:	
Reynolds Disposal Company	:	

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) DeVoe in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. HISTORY OF THE PROCEEDING

On June 30, 2020, Reynolds Disposal Company (Company) filed Supplement No. 5 to Tariff Sewage - Pa. P.U.C. No. 4, to become effective September 1, 2020. The Company, by filing this tariff supplement, seeks Commission approval to make rate changes that would increase the level of rates that it charges for providing service to its customers. The Company requests approval to recover an estimated annual increase in base rate revenues of \$215,646(48%) from its customers. This amount includes a proposed \$198,426 increase (55%) in base rates and a proposed increase in its Pennsylvania Infrastructure Investment Authority (PENNVEST) surcharge of \$17,220 (20%) increase in the PENNVEST surcharge. Under the Company's proposal, the proposed rates (including base rates and the PENNVEST surcharge)

for an average customer using 9,000 gallons per quarter would increase from \$98.91 to \$146.35, or by 48%. The Company also has a number of unmetered customers. Under the Company's proposal, an unmetered residential customer's bill would increase from \$149.47 to \$221.07 per quarter. The Company also has proposed a change from quarterly to monthly billing. The Company serves approximately 685 customers (559 residential) in the Townships of Pymatuning, Delaware, and Hempfield, Mercer County.

On July 27 2020, the OCA filed a Formal Complaint (C-2020-3021049) against the proposed increase in rates and a Notice of Appearance. The Office of Small Business Advocate (OSBA) filed Notice of Intervention on August 4, 2020. The Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on August 14, 2020. The OCA is aware of twenty-five formal complaints filed by Reynolds Disposal customers. On August 27, 2020, the Commission entered an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rates in Supplement No. 5 to Tariff Wastewater - Pa. P.U.C. No. 4, and suspended the effective date until April 1, 2020 by operation of law. The OCA requests that all of the formal complaints be consolidated with the rate case proceeding.

The case has been assigned to Administrative Law Judge DeVoe (ALJ). It is the OCA's understanding that the Company has agreed to participate in the Commission's mediation process and will extend the effective date by an additional sixty days.

II. ISSUES

After completing discovery and any follow up discovery, and after receiving the Company'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, and cost of

equity, 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 witnesses 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:

Stacy Sherwood
Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
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Fax: (410) 992-3445
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Rate of Return:

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Cost of Service/Rate Design:

Jerome Mierzwa
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Quality of Service:

Terry L. Fought
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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.

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

IV. DISCOVERY

To date, the OCA has served three sets of interrogatories on the Company. The OCA is reviewing the responses that have been provided. As soon as the OCA determines whether additional discovery, including informal discovery, is needed, the OCA will issue the discovery.

V. PUBLIC INPUT HEARING

The OCA is requesting an afternoon and evening public input hearing in this proceeding. There are twenty-five formal complaints and the OCA has received interest from a legislator representing that area for a public input hearing and from Reynolds ratepayers. The OCA submits that the size of the increase and the impact on ratepayers justifies providing an

opportunity for the consumers to testify at a public input hearing. The OCA proposes that the hearings be held telephonically. The OCA will work with the ALJ and the parties to determine a feasible date for the public input hearings.

VI. SERVICE ON THE OCA

Senior Assistant Consumer Advocate Christine Maloni Hoover will represent the OCA in this case. At this time, as a result of the COVID-19 pandemic, the OCA will be providing service via e-mail and does not expect other parties to serve the OCA by mail. The OCA requests that email service on OCA be sent to choover@paoca.org and to lmyers@paoca.org.

VII. PROPOSED LITIGATION SCHEDULE

The parties have not yet agreed to a mutually acceptable schedule. The OCA requests that a litigation schedule not be set at this time. The OCA proposes a status report be provided to the ALJ if mediation has not resolved all of the issues in the proceeding and that the status report provide a proposed 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,

/s/ Christine Maloni Hoover
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Dated: September 10, 2020
295814

Counsel for:
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Acting Consumer Advocate