



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

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

September 10, 2020

**Via Electronic Filing**

Secretary Rosemary Chiavetta  
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  
**I&E Prehearing Memorandum**

Dear Secretary Chiavetta:

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

Copies are being served on parties of record per the attached Certificate of Service. *Due to the temporary closing of the PUC's offices, I&E is only providing electronic Service.* Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Carrie B. Wright". The signature is written in a cursive, flowing style.

Carrie B. Wright  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 208185  
(717) 783-6156  
[carwright@pa.gov](mailto:carwright@pa.gov)

CBW/ac  
Enclosures

cc: Honorable Emily I. DeVoe (ALJ, PUC Pittsburgh – via email only)  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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

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**TO ADMINISTRATIVE LAW JUDGE EMILY DEVOE:**

In accordance with the Prehearing Conference Order dated September 2, 2020, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutor assigned to this proceeding IS Carrie B. Wright. Ms. Wright may be contacted as follows:

By Mail: Carrie B. Wright  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

By e-mail: [carwright@pa.gov](mailto:carwright@pa.gov)

Telephone: (717) 783-6156

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## **I. BACKGROUND**

On June 30, 2020, Reynolds Disposal Company ("Reynolds" or "Company") filed Supplement No. 5 To Tariff – Sewage Pa. P.U.C. No. 4 to become effective September 1, 2020. It proposed to increase Reynolds Water Company's total annual operating revenues by approximately \$215,646 or 42.3% above the level of pro forma revenues.

On August 27, 2020, the Pennsylvania Public Utility Commission ("PUC" or "Commission") entered an order suspending the implementation of Supplement No. 5 by operation of law until April 1, 2021, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 5. Further, the matter was assigned to the Office of Administrative Law Judge ("OALJ") to schedule such hearings as necessary to develop a record in this proceeding.

A telephonic Prehearing Conference is now scheduled for Friday, September 11, 2020, at 10:00 a.m., before Administrative Law Judge Emily Devoe ("ALJ Devoe"). A Formal Complaint has been filed in this matter by the Office of Consumer Advocate ("OCA"). The Bureau of Investigation and Enforcement, in accordance with the Prehearing Conference Order issued by ALJ Devoe on September 2, 2020, now respectfully submits this Prehearing Memorandum.

## **II. ISSUES**

The following list represents I&E's preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E

specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Rate Base
  - Plant in Service
  - Plant Additions
  - Retirements of Plant
  - Materials and Supplies
- Revenue
  - Lost and Unaccounted-for Water
- Rate Structure
  - Proposed Rates
- Rate of Return
  - Overall Rate of Return
  - Cost of Debt
  - Cost of Common Equity
  - Capital Structure
- Operating and Maintenance
  - Rate Case Expense
  - Payroll Expense
  - Administrative and General Expense
  - Cash Working Capital
  - Salaries and Wages
  - Taxes
  - Chemicals

Most of the issues raised by I&E will be supported by the Testimony of I&E witnesses. If there are issues of Commission policy or legal interpretation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony, I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

### **III. WITNESSES**

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

|                   |                                  |
|-------------------|----------------------------------|
| Ethan Cline       | Fixed Utility Valuation Engineer |
| Anthony Spadaccio | Fixed Utility Financial Analyst  |
| Brenton Grab      | Fixed Utility Financial Analyst  |

The I&E witnesses may be contacted through the contact information listed above for Ms. Wright and Mr. Coogan. I&E reserves the right to substitute witnesses or call additional witnesses if warranted.<sup>1</sup> All active parties will be notified of any amendments to the I&E witness list.

### **IV. SCHEDULE**

The parties have not yet agreed to a mutually acceptable schedule. I&E will work with the Parties to develop a mutually agreeable procedural schedule in this proceeding.

### **V. DISCOVERY**

Due to the time limitations in the proceedings, I&E requests that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified as follows:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.

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<sup>1</sup> The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

2. Objections to interrogatories shall be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within seven (7) days of service of interrogatories.
3. Motion to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of such motions.
5. Discovery served after 12:00 noon on a Friday or after 12:00 p.m. on any business day preceding a state holiday will be deemed to be served on the next business day.

## **VI. EVIDENCE**

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

## **VII. SERVICE OF DOCUMENTS**

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first-class mail.

### **VIII. SETTLEMENT**

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie B. Wright".

Carrie B. Wright  
Prosecutor  
PA Attorney ID No. 208185

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

Date: September 10, 2020

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated September 10, 2020, in the manner and upon the persons listed below.

**Served via Electronic Mail Only**

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