



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 27, 2023

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Pittsburg Water and Sewer Authority - Rate Increase
Docket Nos: R-2023-3039920 (Water)
R-2023-3039921 (Wastewater)
R-2023-3039919 (Stormwater)

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. Should you have any questions, please do not hesitate to contact me.

Respectfully,

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SBG/jfm
Enclosures

cc: Honorable Gail M. Chiodo, Administrative Law Judge (*via email only*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	Docket Nos: R-2023-3039920 (Water)
v.	:	R-2023-3039921 (Wastewater)
	:	R-2023-3039919 (Stormwater)
Pittsburg Water and Sewer Authority	:	
Rate Increase	:	

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

TO: ADMINISTRATIVE LAW JUDGE GAIL M. CHIDO:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned consolidated proceedings.

The Bureau of Investigation and Enforcement Prosecutors in these proceedings will be Scott B. Granger and Michael A. Podskoch, Jr. Contact information is as follows:

By mail: Scott B. Granger
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I. INTRODUCTION

On May 9, 2023, The Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”), Utility Code 2220554, filed Supplement No. 12 Tariff Water - Pa. P.U.C. No. 1 (“Supplement No. 12”) with the Pennsylvania Public Utility Commission (“Commission”) to become effective July 8, 2023. PWSA’s base rate case was docketed at Docket Nos. R-2023-3039920 (Water); R-2023-3039921 (Wastewater); and R-2023-3039919 (Stormwater) (collectively, the “Rate Filing”). In its Rate Filing, PWSA is requesting the Commission approve a multi-year total overall revenue increase of \$146.1 million (inclusive of a Distribution System Infrastructure Charge (“DSIC”) cap increase).¹ This includes a \$46.8 million or 22.5% increase in the FPFTY (FY 2024), \$45.4 million or 17.8% in FY 2025, and \$53.9 million or 17.9% in FY 2026.²

PWSA noted that if the Authority’s entire request is approved, the total bill for water, wastewater conveyance, and stormwater management for a typical Residential customer using 3,000 gallons of water per month and charged the base rate for stormwater services would increase from \$86.43 to \$103.41 per month or by 19.6% in 2024; then would increase from \$103.41 to \$123.55 or by 19.5% in 2025; and then would increase from \$123.55 to \$146.12 or 18.3% in 2026.³ To summarize, the total increase to PWSA customers over the three-year period would be from **\$86.43 to \$146.12** for a total increase of \$59.69 or **69.1%**.

I&E filed its Notice of Appearance on May 18, 2023.

The Office of Small Business Advocate (“OSBA”) filed Notice of Appearances,

¹ Rate Filing, Responses to Filing Requirements, Vol. I, Statement of Reasons, p. 1.

² *Id.*

³ *Id.*, Vol. I, Notice of Proposed Rate Changes to Customers, p. 1.

Public Statements, and Formal Complaints at the Docket numbers referenced above on May 19, 2023.

The Office of Consumer Advocate (“OCA”) filed Notice of Appearances, Public Statements and Formal Complaints at the Docket Numbers referenced above on May 23, 2023.

Pittsburgh United Our Water Table (“Pittsburgh Untied”) filed a petition to intervene and answer on June 12, 2023.

On June 15, 2023, the Commission entered an Order suspending the implementation of PWSA’s proposed Supplement No. 12 Tariff Water – Pa. P.U.C. No. 1 by operation of law until February 8, 2024, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in PWSA’s Supplement No. 12. The Commission also stated the investigation shall include consideration of the lawfulness, justness, and reasonableness of PWSA’s existing rates, rules, and regulations.

The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a recommended decision.

A telephonic Prehearing Conference is scheduled for Thursday, June 29, 2023, beginning at 10:00 am before Administrative Law Judge Gail M. Chiodo presiding telephonically.

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:

- Payroll and benefits expense
- Rate case expense
- Chemicals
- Equipment
- Operating Contracts
- Repairs and Maintenance
- Membership Fees
- Permit fees
- Leases and Rents
- Professional Services
- Supplies
- Utilities
- Misc. Admin. Cost
- Wet Weather Consent Decree
- COVID-19 Expenses
- Convenience Fees
- Customer Assistance Charge
- Revenue Requirement
- Credit Ratings
- Debt Service Coverage Ratios
- Days Cash on Hand
- Rate Stabilization Fund
- PAYGO
- Multi-Year Rate Plan
- DSIC and Requested Increase
- LTIP
- Infrastructure Improvement Charge
- Combining Water, Wastewater and Stormwater Revenue Requirements
- Implementation of Customer Assistance Charge (“CAC”)
- Revenue allocation
- Minimum Allowances / Rate Design
- Gradualism / Rate shock
- Scale back of rates

III. WITNESSES

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

Anthony Spadaccio, Fixed Utility Financial Analyst;
Vanessa Okum, Fixed Utility Financial Analyst;
Ethan Cline, Fixed Utility Valuation Engineer;
Joseph Kubas, Fixed Utility Valuation Engineer Supervisor.

The I&E witnesses may be contacted through the information listed above for Prosecutor Granger. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

IV. 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, supplemental testimony, 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.

V. DISCOVERY

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. No modifications to the rules of discovery have been proposed by I&E. I&E will give due consideration to any discovery modifications proposed by any other party. In the

past, I&E has accepted the “usual” discovery modifications as proposed by the OCA. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

VI. SCHEDULE

I&E is working with the parties to develop a schedule in this proceeding. As of this date, the parties have not yet agreed on a schedule. I&E tentatively proposes the following:

Filing w/Company Direct	May 9, 2023
Non-Company Direct	August 9, 2023
Rebuttal Testimony	September 8, 2023
Surrebuttal Testimony	September 22, 2023
Written Rejoinder Outlines	September 29, 2023
Hearings ⁴	October 4-6, 2023
Main Brief	October 19, 2023
Reply Brief	October 30, 2023

VII. PUBLIC INPUT HEARINGS

I&E does not oppose public input hearings. Should public input hearings be deemed necessary, I&E recommends the Commission consider the use of telephonic hearings to encourage increased participation by the ratepayers.

⁴ Upon the rescinding of Governor Tom Wolf’s Proclamation of Disaster Emergency; the re-opening of the Keystone Commonwealth Building; and the return to in-person hearings; I&E requests that Hearings be held in Harrisburg, PA.

VIII. SERVICE OF DOCUMENTS

The Commission's March 20, 2020 Emergency Order,⁵ which was controlling regarding electronic service of documents, expired on September 30, 2021. In anticipation of the expiration of the March 20 Order, the Commission issued a new Order on September 15, 2021 regarding the regulations controlling service requirements.⁶ Pursuant to the September 15 Order, the Commission recognized, for purposes of satisfying service of documents requirements:

... that some of the measures we implemented significantly benefitted the operational needs of the Commission, the public and the regulated community. Specifically, the electronic service requirements we adopted were essential to ensuring continued, uninterrupted operations, providing needed flexibility. Therefore, in order to maintain that flexibility to respond to operational demands, we will waive certain regulatory service provisions, consistent with our previous actions.⁷

Further, the Commission stated:

... some of the operational restraints occasioned by the pandemic remain. ... Toward this end, we will continue to permit electronic service *by* the Commission on all parties, regardless of whether a particular party has agreed to electronic service. ... Additionally, service *on* Commission staff in proceedings pending before it, whether staff is a party or otherwise, shall be exclusively electronic unless the parties agree otherwise.⁸

Therefore, for purposes of satisfying in-hand service requirements for discovery responses, prepared testimony, briefs and other documents; while operational restraints continue during this proceeding, and consistent with the Commission's September 15 Order,

⁵ Docket No. M-2020-3019262, *Re: Suspension of Regulatory and Statutory Deadlines, Modification to Filing and Service Requirements* ("March 20 Order").

⁶ Docket No. M-2021-3028321, *Re: Waiver of Regulations Regarding Service Requirements* ("September 15 Order")

⁷ September 15 Order, p. 3.

⁸ *Id.*, p. 6.

I&E requests that electronic delivery of documents continue to satisfy the service requirements.

IX. SETTLEMENT

I&E will maintain an open dialogue and is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully Submitted,



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Dated: June 27, 2023

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Pittsburg Water and Sewer Authority	:	
Rate Increase	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing Prehearing Memorandum dated June 27, 2003 in the manner and upon the persons listed below:

Served via Electronic Mail Only

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