

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY  
Consumer Advocate

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January 5, 2011

Honorable Marlane R. Chestnut  
Honorable Christopher P. Pell  
Administrative Law Judges  
PA Public Utility Commission  
801 Market Street  
Philadelphia, PA 19107

Re: Pennsylvania Public Utility Commission  
v.  
Little Washington Wastewater Company,  
Southeast Consolidated Division  
Docket No. R-2010-2207853

Little Washington Wastewater Company,  
Masthope Division  
Docket No. R-2010-2207833

Dear Judges Chestnut and Pell:

Enclosed please find two copies of the Prehearing Memorandum of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely yours,

A handwritten signature in cursive script that reads "Dianne E. Dusman".

Dianne E. Dusman  
Senior Assistant Consumer Advocate  
PA Attorney I.D. #38308

Enclosures

cc: Certificate of Service  
Secretary's Office of the PUC

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2010-2207853
Office of Consumer Advocate	:	C-2010-2209923
William Fink	:	C-2010-2213900
Edward C. Oleckna	:	C-2010-2213719
National Income Tax	:	C-2010-2215189
	:	
v.	:	
	:	
Little Washington Wastewater Co. – Southeast Consolidated Division	:	
	:	
and	:	
	:	
Pennsylvania Public Utility Commission	:	R-2010-2207833
	:	
v.	:	
	:	
Little Washington Wastewater Co. – Masthope Division	:	
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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and the 12 December 2010 Prehearing Conference Order, the Office of Consumer Advocate (OCA) provides this Prehearing Memorandum in the above-captioned proceeding.

## I. BACKGROUND

On 29 October 2010, the Little Washington Wastewater Co., a wholly-owned subdivision of Aqua Pennsylvania Inc., (LWWC) filed rate increase requests for its Southeast Pennsylvania Consolidated Division and its Masthope Division with the Pennsylvania Public Utility Commission. The OCA filed Formal Complaints against both of these proposed increases on 11 November 2010.

Within the first of these filings, LWWC has proposed to consolidate the rate bases of five divisions without any change in the wastewater rates paid by customers: Bridlewood, Deerfield Knoll, East Bradford, Links at Gettysburg and Plumsock. LWWC does not propose to consolidate the rate structure of these divisions at this time. The remaining eight divisions – Williston Woods/Chesterdale, Greens at Penn Oaks, Media, New Daleville, Newlin Green, Little Washington, Twin Hills and Peddlers View - stand alone with independent rate bases and proposed rate structures. If the proposed Tariff Supplement becomes effective, LWWC will benefit from an opportunity to recover an additional \$1,078,292 in annual revenues from customers of these eight divisions.

For ease of reference on the proposed Southeastern Pennsylvania Division rate changes, the OCA has included Appendix A with its Prehearing Memo. Appendix A includes pertinent information on each of the filings, including existing and proposed monthly rates for residential customers with average usage. All the proposed increases are substantial and require full investigation.

With respect to the Masthope Division filing, LWWC requests an overall increase of \$158,890 in base revenues. Masthope wastewater customers, however, would experience an increase of approximately \$207,434.00, reflecting the elimination of its \$6 per month availability charge and a shifting of the \$46,008.00 in availability revenues to the customers that receive wastewater service. A residential customer using 2,934 per month would experience a bill impact of \$13.96 per month, from \$20.66 to \$34.62 (a 67.5% increase).

Based on its 29 October 2010 filing date, LWWC proposed to make its proposed rate increases effective 1 January 2011. By Order of 16 December 2010, the Commission suspended the proposed increases until 1 August 2010 and assigned these rate filings to the Office of Administrative Law Judge.

## **II. ISSUES**

If the proposed tariff supplements become effective, LWWC will benefit from an opportunity to recover an estimated annual increase in its base rate revenues of \$158,890 from customers of the Masthope Division and \$1,078,292 from customers of the eight Southeastern Consolidated divisions for which an increase is sought. Customers of the eight Southeastern Divisions would experience rate increases ranging from 9.32% to 127.12%, as illustrated in Appendix A.

After reviewing the Company's interrogatory responses and direct testimony, and after issuing any follow-up discovery, the OCA will file testimony that will set forth the specific issues it will address in this proceeding. At that time, the OCA will

also make and quantify its specific recommendations.

### III. WITNESSES

The OCA intends to present the direct testimony of Marilyn J. Kraus, Senior Regulatory Analyst with the Office of Consumer Advocate and Terry L. Fought, P.E. The OCA intends to present direct, rebuttal and surrebuttal as may be necessary. The OCA's witnesses will present testimony in written form and may also 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 responses to interrogatories be mailed directly to Ms. Kraus and Mr. Fought, as appropriate, at the address below, as well as mailing a copy to counsel for the OCA.

Marilyn J. Kraus, CPA  
Senior Regulatory Analyst  
Office of Consumer Advocate  
555 Walnut Street, Forum Place 5th Floor  
Harrisburg PA 17101-1923  
Telephone (717) 783-5048  
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[mkraus@paoca.org](mailto:mkraus@paoca.org)

Terry L. Fought, P.E.  
780 Cardinal Drive  
Harrisburg, PA 17111  
[Tlfengr@comcast.net](mailto:Tlfengr@comcast.net)

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness will be necessary for any portion of its case, the OCA will notify the ALJ and all parties of record.

### **III. SERVICE ON THE OCA**

The OCA will be represented in this proceeding by Senior Assistant Consumer Advocate Dianne E. Dusman and Assistant Consumer Advocate Shaun A. Sparks. Two copies of all documents should be served on the OCA as follows:

Shaun A. Sparks  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street, Forum Place 5th Floor  
Harrisburg PA 17101-1923  
Telephone (717) 783-5048  
Facsimile (717) 783-7152  
[ssparks@paoca.org](mailto:ssparks@paoca.org)

### **IV. PUBLIC INPUT HEARINGS**

As of this date, the OCA has obtained eight Formal Complaints and approximately 39 rate protests and letters from customers of the Southeastern Division and two Formal Complaints and five informal complaints and protests from Masthope. The OCA is currently analyzing the locations of the ratepayers that have expressed interest in this proceeding. The OCA will be prepared, by the time of the prehearing conference, to make general recommendations for public input hearing locations where “substantial public interest” in this proceeding has been demonstrated. 52 Pa. Code §

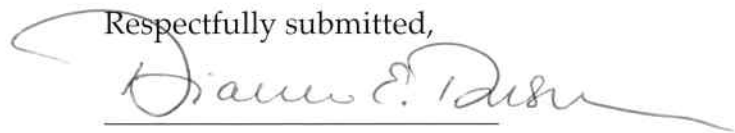
69.321. The OCA continues to engage in outreach to customers affected by the proposed rate increases.

If telephonic public input hearings are called for, the OCA would offer to develop its witness list similar to the process used in the 2009 LWWC rate cases.

**V. SCHEDULE**

The OCA supports the procedural schedule agreed upon by the parties, attached as Appendix B.

Respectfully submitted,



Dianne E. Dusman

Senior Assistant Consumer Advocate

Shaun A. Sparks

Assistant Consumer Advocate

Office of Consumer Advocate

Counsel for:

Irwin A. Popowsky

Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street, Forum Place 5th Floor  
Harrisburg PA 17101-1923  
(717) 783-5048

DATED: January 5, 2011

APPENDIX A

<b>Division</b>	<b>Current Monthly Rates Average Customer</b>	<b>Proposed Overall Rate Increase</b>	<b>Proposed Monthly Rates Average Customer</b>	<b>Percent Increase Average Customer</b>
Willistown Woods/ Chesterdale	\$49.56	\$45,397.00	\$54.18	9.32%
Greens at Penn Oaks	\$95.14	\$12,990.00	\$108.37	13.90%
Media	\$16.26	\$829,265.00	\$36.93	127.12%
New Daleville	\$66.67	\$28,021.00	\$90.00	34.99%
Newlin Greene	\$100.34	\$38,336.00	\$165.79	65.22%
Little Washington	\$85.32	\$45,826.00	\$96.34	12.91%
Twin Hills	\$54.74	\$56,913.00	\$69.08	26.19%
Peddlers View	\$71.33	\$21,544.00	\$79.68	11.7%

APPENDIX B

**PROPOSED SCHEDULE**

Public Input Hearing Possible Dates	Jan. 28 (if telephonic), 31, Feb. 3
Intervenor Direct Testimony	January 27, 2011
Company Rebuttal	February 17, 2011
Intervenor Surrebuttal	February 25, 2011
Settlement Conference	February 28, 2011
Evidentiary Hearings	March 9 and 10, 2011
Close of Record	March 11, 2011
Main Briefs	March 30, 2011
Reply Briefs	April 8, 2011

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission

v.

Little Washington Wastewater Company,  
Southeast Consolidated Division

Docket No. R-2010-2207853

Little Washington Wastewater Company,  
Masthope Division

Docket No. R-2010-2207833

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, 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 5th day of January 2011.

SERVICE BY EMAIL and IN PERSON

Richard A. Kanaskie  
Office of Trial Staff  
Pa. Public Utility Commission  
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*Counsel for Masthope Property Owners Council*

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Downingtown, PA 19335

Edward C. Oleckna  
304 Greenbriar Drive  
West Chester, PA 19362-6112

Jeffrey Fleming  
P.O. Box 40  
Kestrel Lane  
Cochranville, PA 19330

National Income Tax  
c/o Joseph Hare  
1 State Road  
Media, PA 19063

Samuel W. Johnson  
4 Wyndham Court  
Downingtown, PA 19335

MASTHOPE DIVISION:

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