

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY
Consumer Advocate

April 4, 2012

Honorable Christopher Pell
Office of Administrative Law Judge
PA Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

Re: Pa. Public Utility Commission
v.
Audubon Water Company
Docket Nos. R-2012-2286118
C-2012-2291571

Dear Judge Pell:

Enclosed please find copies of the Prehearing Memorandum of the Office of Consumer Advocate in the above-referenced proceeding. The original is being filed with the Secretary's Office.

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 "Erin L. Gannon".

Erin L. Gannon
Assistant Consumer Advocate
PA Attorney I.D. #83487

Enclosures

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

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
	:	
	:	Docket No. R-2012-2286118
	:	
AUDUBON WATER COMPANY	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and the Prehearing Conference Order issued on March 23, 2012 by Administrative Law Judge Christopher P. Pell (ALJ Pell), the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On January 27, 2012, Audubon Water Company (Audubon or Company) filed Supplement No. 1 to Tariff-Water Pa. P.U.C. No. 4 with the Public Utility Commission (PUC or Commission), to become effective March 27, 2012. The Company sought Commission approval of its proposal to recover an estimated annual increase in its base rate revenues of \$540,686, an approximate 27% increase in the Company's annual revenues at present rates. The Company serves approximately 3,064 residential and commercial, multi-family and public customers in portions of Lower Providence Township and adjacent areas in Montgomery County.

Since February 6, 2012, at least two Rate Protests have been filed against the Tariff Supplement. The OCA filed a Formal Complaint on March 5, 2012. On March 15, 2012, the

Commission suspended the effective date of the proposed Supplement until October 27, 2012, and assigned the case to the Office of Administrative Law Judge (OALJ) for alternative dispute resolution or prompt scheduling of hearings. On March 16, 2012, the Bureau of Investigation and Enforcement (BI&E) filed a Notice of Appearance. Subsequently, the OALJ assigned the Honorable ALJ Pell to the case. A telephonic Prehearing Conference has been scheduled for April 10, 2012.

II. ISSUES

Regarding issues that may be developed and subsequently contested, the OCA questions a number of the Company's test year expenses, pro forma expense increases, the Company's rate base claim, the Company's rate of return claim, aspects of the Company's net operating income and the Company's proposed rate design. The OCA will also examine whether Audubon is providing its current and future residential customers with adequate, efficient, safe and reasonable service, including fire protection. The OCA will be able to set forth and quantify its specific recommendations in its direct testimony, after it has reviewed the Company's discovery responses and informally discussed issues of concern with the Company, and reviewed the Company's direct testimony. All testimony will be supported by exhibits and explanatory schedules.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witness(es) 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(es) responsible for the area of the case, as well as mailing a copy to counsel for the OCA.

General Accounting, Policy
Marilyn J. Kraus, Senior Regulatory Analyst
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555 Walnut Street, Forum Place 5th Floor
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mkraus@paoca.org
Telephone: 717-783-5048
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Quality of Service, System Design
Terry L. Fought, P.E., Consulting Engineer
780 Cardinal Drive
Harrisburg, PA 17111
TLFengr@comcast.net
Telephone: 717-580-4265
Facsimile: 717-566-7298

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, all parties of record will be notified.

IV. SERVICE ON OCA

The OCA will be represented in this proceeding by Senior Assistant Consumer Christine Maloni Hoover and Assistant Consumer Advocate Erin L. Gannon. Two copies of all documents should be served on the OCA as follows:

Christine Maloni Hoover
Erin L. Gannon
Office of Consumer Advocate
555 Walnut Street, Forum Place 5th Floor
Harrisburg, PA 17101-1923
choover@paoca.org
egannon@paoca.org
Telephone: 717-783-5048
Facsimile: 717-783-7152

V. PUBLIC INPUT HEARINGS

The OCA is not proposing a public input hearing at this time. If the OCA becomes aware of sufficient interest, then the OCA will notify the ALJ and the parties.

VI. DISCOVERY

To date, the OCA has served two sets of interrogatories on the Company. Responses were due on March 27, 2012. As soon as the responses are provided, the OCA will review and, if the OCA determines additional formal or informal discovery is needed, the OCA will issue the discovery promptly.

VII. SETTLEMENT

The OCA is willing to participate in settlement discussions.

VIII. SCHEDULE

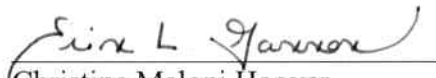
Initially, the OCA proposes the schedule attached as Appendix A, which adopts the dates proposed by ALJ Pell for hearings and briefs. However, the OCA will cooperate fully with Company and other parties to arrive at a mutually agreeable procedural schedule and a date for a public input hearing.

Respectfully Submitted,

Counsel for:
Irwin A. Popowsky
Consumer Advocate

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

DATED: April 4, 2012
154475


Christine Maloni Hoover
Senior Assistant Consumer Advocate
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E-Mail: CHoover@paoca.org

Erin L. Gannon
Assistant Consumer Advocate
PA Attorney I.D. # 83487
E-Mail: EGannon@paoca.org

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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	:	Docket No. R-2012-2286118
	:	
AUDUBON WATER COMPANY	:	

OCA PROPOSED SCHEDULE

Company Serves Written Direct Testimony	April 17, 2012
Public Input Hearing (if needed)	May 1, 2012 or May 2, 2012 or May 3, 2012
Active Non-Company Parties Serve Written Direct Testimony	May 17, 2012
Written Rebuttal Testimony	June 5, 2012
Written Surrebuttal Testimony	June 15, 2012
Hearings in Harrisburg	June 19-21, 2012
Close of the Record	June 22, 2012
Main Briefs	July 12, 2012
Reply Briefs	July 23, 2012
Public Meeting	October 25, 2012
End of Suspension	October 27, 2012

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
Audubon Water Company
Docket No. R-2012-2286118

I hereby certify that I have this day served a true copy of the foregoing 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 4th day of April 2012.

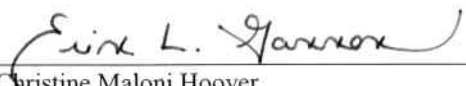
SERVICE BY EMAIL and HAND DELIVERY

Richard A. Kanaskie, Esquire
Bureau of Investigation & Enforcement
Pa. Public Utility Commission
400 North Street
Harrisburg, PA 17101

SERVICE BY EMAIL and FIRST CLASS MAIL, POSTAGE PREPAID

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Janet L. Miller, Esquire
Hawk, McKeon & Sniscak
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Steven Gray, Esquire
Acting Small Business Advocate.
Office of Small Business Advocate
Commerce Building, Suite 1102
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