

PLEASE DOCKET

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission : R-00061390

And

John and Vera Armona : C-20065904

Stephen Sutter : C-20065909

Rita Hopler : C-20065917

William G. Brown : C-20065947

Mary and Richard Hanel : C-20065948

Helen and Erwin Schankereli : C-20065982

Theresa Dimeo : C-20066050

Betty and Al Gratrix : C-0001

Vilma Hernandez : C-0002

William and Sharon Moesch : C-0003

Kenneth T. and Catherine Green : C-0004

Benjamin Ahern : C-0005

Stefano Dimaiolo : C-0006

Cynthia Turner : C-0007

Dale and Joanne Finnigan : C-0008

Oliver Brig : C-0009

Nicholas Darbella : C-0010

And

Office of the Consumer Advocate :

Statutory Intervener

v.

Clean Treatment Sewage Company :

DOCUMENT  
FOLDER

DOCKETED  
JAN 18 2007

SCHEDULING AND BRIEFING ORDER

Pursuant to the provisions of 66 Pa. C. S. §333(a) and 52 Pa. Code §§5.221-5.224, an Initial Prehearing Conference was held in the above captioned case at 10:00 a.m. on Wednesday May 31, 2006, at the Public Utility Commission's (PUC or Commission) hearing room in Scranton, Pennsylvania. In attendance were James Melia, Esq. for Clean Treatment

Sewage Company (CTSC), Erin Gannon, Esq. on behalf of the Office of Consumer Advocate, James Ferrari, Esq. on behalf of Cynthia Turner, and the following formal complainants: William G. Brown, Theresa Dimeo, Stefano Dimaiolo, Oliver Brig, Kenneth T. and Catherine Green, Stephen Sutter, Vilma Hernandez, Benjamin T. Ahern, Rita Hopler, Erwin and Helen Schankerel, Dale M. and Joanne Finnigan and the undersigned administrative law judge (ALJ). The following formal complainants failed to appear Betty and Alfred Gratrix, William and Sharon Moesch, John Jr. and Vera Armona, Mary and Richard Hanel, and Nicholas Darbella.

At the Prehearing Conference CTSC explained that their request for a rate increase related to the issue of who would bear the burden of purchasing, installing and maintaining grinder pumps on customer lines. It was determined during the telephone conference that CTSC would make a determination whether they wished to continue with the requested rate increase or withdraw the request. On June 21, 2006, CTSC voluntarily suspended the application of the rate request increase to February 15, 2007. CTSC has not withdrawn the rate increase request and therefore this matter must be scheduled.

THEREFORE,

IT IS ORDERED:

1. That the above docketed rate request and formal complaints are consolidated for purposes of hearing and disposition; and
2. That all formal complainants are required to fully participate as a party, which means they must respond to discovery requests such as interrogatories, requests for written documents, depositions, and must attend scheduled hearings, sponsor and present witnesses, and file Main and Reply Briefs. Parties receive all documents and must serve all other parties with all documents filed in the case or submitted to the presiding administrative law judge (ALJ). Formal complainants who do not wish to participate as described above may choose to withdraw their formal complaint in writing to the undersigned ALJ and work with the Office of the

Consumer Advocate (OCA) toward resolution of their issues. This is a personal choice. The deadline to withdraw and proceed with your issues through OCA is August 25, 2006. Any formal complainant who has not withdrawn in writing by that date will be treated as a party; and

3. That pursuant to 66 Pa. C.S. §332(f), 52 Pa. Code §5.222 (e) and 52 Pa. Code §5.245(a)(1) any party who fails to appear at a scheduled conference or hearing after being duly notified shall be deemed to have waived their opportunity to participate. Your complaint will be dismissed; and

4. That all parties are directed to comply with stipulations entered into in previous cases to the extent that these stipulations preclude a party from using a prior settlement against another litigant in a subsequent proceeding; and

5. That all parties are directed to comply with the provisions of 52 Pa. Code §5.243(e) which prohibits the introduction of evidence during rebuttal or surrebuttal which should have been included in the party's case-in-chief or which substantially varies from the party's case-in-chief, unless the evidence is introduced in support of a proposed settlement; and

6. That pre-submitted written testimony will not be used; and

7. That the following schedule is established.

- a. September 8, 2006 - Discovery finished
- b. September 14, 2006 - Hearing for Formal Complainants and OCA
- c. September 15, 2006 - Hearing (continuation) CTSC
- d. September 29, 2006 - Transcripts due
- e. October 20, 2006 Main Briefs due
- f. November 3, 2006 Reply Briefs due

8. That all Briefs shall comply with the requirements of 52 Pa. Code §§5.501 and 5.502 and, in addition to the mandatory contents set forth in 52 Pa. Code §5.501(a), all Main

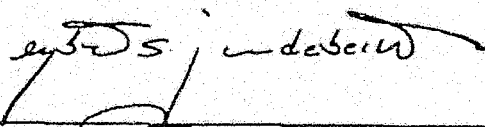
Briefs shall contain:

- a.) A table of contents.
- b.) A statement of the questions involved.
- c.) Proposed findings of fact with references to transcript pages or exhibits where supporting evidence appears.
- d.) A summary sentence, in the form of a proposed holding, at the end of each issue discussed.
- e.) Proposed conclusions of law with references to supporting statute or regulation provisions or supporting case law citation.
- f.) Proposed ordering paragraphs specifically identifying the relief sought.

Attached to this Order, and incorporated herein by reference as though set forth in full, is a copy of the Special Instructions for Briefs and Exceptions in Major General Rate Increase Proceedings and attachments thereto. All parties shall prepare and present their respective evidence so that the applicable and required information is included, and so that Briefs, Tables, and Exceptions (if any) conform to the requirements contained in the Special Instructions and attachments. Penalties for non-compliance could include disregarding of a participant's adjustment and/or position.

An original and nine (9) copies of all Briefs shall be filed in accordance with 52 Pa. Code §5.502(a), one (1) copy shall be served on the presiding ALJ, and three (3) copies shall be served on each party. Additionally, the presiding ALJ shall be served with a copy of each Brief on computer disk in Microsoft Word, or a compatible format. A Brief not filed and served on or before the date fixed will not be accepted for filing, except by special permission of the presiding administrative law judge.

Date: August 8, 2006

  
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Ember S. Jandebour  
Administrative Law Judge

Special Instructions for Briefs and Exceptions  
in Major General Rate Increase Proceedings

1. Each brief shall follow the general organization shown in the attached standardized format.
2. Each brief shall contain a table of contents with page references to a summary of argument and to each topic addressed in the argument.
3. Adjustments contained in each brief shall:
  - a. be based on a specific test year, to be selected before the close of the record;
  - b. be complete and self contained, include accurate reference to the appropriate record sources, be on a before-income-tax basis (never on a net income or revenue requirement basis) and be on a consistent jurisdictional basis (if record support cannot be located, the adjustment may/will be rejected);
  - c. be detailed to demonstrate the step-by-step calculation of that adjustment together with appropriate accurate record references (once again, if the record support cannot be located for the necessary steps, the adjustment may/will be rejected);
  - d. include concomitant rate base, revenue, expense, depreciation expense, and tax (i.e., taxes other, State Income, and federal Income) adjustments set forth, together with the details of their calculation;
  - e. include within the brief calculations which are the basis for proposed adjustments, but which are incomplete in the record.
4. Tables showing all proposed rate base and income adjustments, organized as shown in the attached Table I and Table II, shall be submitted with each brief, which includes such adjustments.
  - a. The starting point of Table I "Income Summary" shall be the utility's final pro forma showing at present rates. The ALJ shall specify the starting point to be the most recent update admitted into evidence. The update, admission, and ALJ ruling shall be cited on the table.

- h. The effect of deferred or accrued taxes on the various tax adjustments presented in Table II "Summary of Adjustments" shall be indicated by a footnote.

5. The following schedules shall be submitted with each brief.

- a. A schedule showing the precise derivation of any adjustment to proposed cash working capital allowance.
  - i. The schedule describing an adjustment to a Utility's claim for Cash Working Capital shall separately list (1) adjustments originating from Table II "Summary of Adjustments" and (2) adjustments resulting from the proposed revenue increase. Any effect on deferred and/or accrued taxes shall be shown in a separate column or footnote.
  - ii. Net Revenue and Expense Lag Days for all Cash Working Capital Adjustments shall be calculated to at least one decimal place.
- b. A schedule showing all tax and jurisdictional allocation factors utilized (any deviations from standard or obvious factors should be explained on the schedule on in the brief)
- c. A schedule listing, for the party or parties filing the brief, each exhibit or other document admitted into the record, along with the date the document was identified and the date the document was admitted.

6. Rate structure proposals shall be reasonably specific and explicit, shall, as appropriate, refer accurately to record support and shall be summarized at the end of the "Rate Structure" topic heading of each brief.

7. Parties shall, as feasible and appropriate, discuss alternative rate design proposals for overall rate increases at and below the requested increase.

8. The Commission requires, in all electric utility rate proceedings, subsequent to its Order at Docket No. I-900005, entered December 1, 1993, that issues of demand-side management and integrated resource planning be addressed.

9. Regarding the filing of exceptions, the following instructions are provided:
  - a. Each exception shall be separately identified and, as necessary, discussed.
  - b. Each exception shall include, before any discussion is provided, the following elements (see examples attached):
    - i. a reference to the relevant part of the Recommended Decision, at least to the relevant pages;
    - ii. a reference to related discussions in the excepting party's brief and, as appropriate, to other briefs; and
    - iii. a concise statement of the exception.
  - c. The exceptions shall follow the order of presentation provided in the table of contents to the Recommended Decision.
  - d. If a party takes exception concerning a topic not included within the Recommended Decision or the table of contents thereto, the appropriate exception shall be included at the end of the appropriate major topic heading (such as "Rate Base" or "Expenses").
  - e. If a party seeks to correct computations associated with the Recommended Decision, replacement computations, with source references to briefs or the record, shall be provided.

Standardized Brief Format for  
General Rate Increase Proceedings

- I. Introduction
- II. Summary of Argument
- III. Rate Base
  - A. Fair Value
  - B. Plant in Service
  - C. Depreciation Reserve
  - D. Additions to Rate Base
  - E. Deductions from Rate Base
  - F. Conclusion
- IV. Revenues
- V. Expenses
- VI. Taxes
- VII. Rate of Return
- VIII. Miscellaneous Issue
- IX. Rate Structure
  - A. Cost of Service
  - B. Revenue Allocation
  - C. Tariff Structure
  - D. Summary and Alternatives
- X. Conclusion

Note: Appropriate modifications may be made. For instance, a party might add "Affiliated Interest Expenses" as a major topic heading or might brief only rate structure and not use other topic headings. A summary and alternatives should be provided under "Rate Structure" but the "Rate Base" and "Rate Structure" formats shown may be modified, as appropriate. Additional subheadings should be used, as appropriate.

TABLE I

INCOME SUMMARY  
( \$000 )

	<u>Pro Forma</u> <u>Present</u> <u>Rates</u> \$	<u>Recommended</u> <u>Adjustments</u> \$	<u>Adjusted</u> <u>Present</u> <u>Rates</u> \$	<u>Revenue</u> <u>Adjustment</u> \$	<u>Total</u> <u>Allowable</u> <u>Revenues</u> \$
Operating Revenues	_____	_____	_____	_____	_____
Deductions:					
O&M Expenses					
Depreciation					
Taxes:					
State					
Federal					
Other					
Total Deductions	_____	_____	_____	_____	_____
Net Income Available for Return	_____	_____	_____	_____	_____
Rate Base	_____	_____	_____	_____	_____
Recommended Rate of Return					

TABLE II

SUMMARY OF ADJUSTMENTS  
(\$000)

<u>Recommended</u>	<u>Exhibit</u>	<u>Rate</u>	<u>Revenue</u>	<u>Expense</u>	<u>Depreciation</u>	<u>Effect</u>	<u>State</u>	<u>Federal</u>
<u>Adjustments</u>	<u>Reference</u>	<u>Base</u>	<u>Effect</u>	<u>Effect</u>	<u>Effect</u>	<u>Upon</u>	<u>Tax</u>	<u>Tax</u>
		<u>Effect</u>				<u>Taxes -</u>	<u>Effect</u>	<u>Effect</u>
						<u>Other</u>		
		\$	\$	\$	\$	\$	\$	\$

Total Adjustments  
Company Rate Base  
Recommended Rate Base

### Examples of Specific Exceptions

1. Staff excepts to the ALJ's rejection of the Staff (and OCA) rate case expense adjustment. See R.D., pp. 31-2; Staff brief, pp. 54-5; OCA brief, pp. 98-9. The \$128,000 adjustment, based on a filing once every four years and on disallowance of certain expenses, should be accepted.

2. The Company excepts to the adoption of the OCA revenue adjustment. See R.D., pp. 28-30; Company brief, pp. 56-9; Company reply brief, p. 12. This adjustment was based on unreasonable projections of industrial consumption (see OCA brief, p. 84). The Company projection, as modified at Company St. 14, pp. 11-12, should be used.

3. OCA excepts to the ALJ's failure to address, and accept, its weather adjustment to revenues. See OCA brief, pp. 21-4; OCA reply brief, p. 12.

4. Corrections to calculations underlying salary increases (R.D., p. 41), force reductions (R.D., pp. 48-9) and tax normalization (R.D., pp. 81-2) are offered and explained at Appendix B.