



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

August 18, 2017

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v.
The Columbia Water Company
Docket No. R-2017-2598203

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum in this proceeding.

Copies are being served on all active parties of record as evidenced in the attached
Certificate of Service. If you have any questions, please contact me at (717) 425-7593.

Sincerely,

Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 63641

Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #320526

SBG/ELM/sea
Enclosure

cc: Administrative Law Judge Joel H. Cheskis
Administrative Law Judge Andrew M. Calvelli
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

The Columbia Water Company

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:
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Docket No. R-2017-2598203

CERTIFICATE OF SERVICE

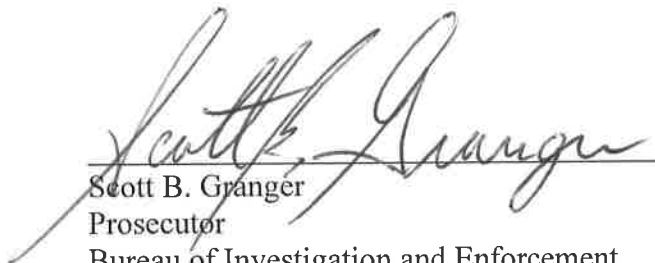
I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated August 18, 2017, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Served via First Class and Electronic Mail

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2017-2598203
	:	
The Columbia Water Company	:	

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

**TO ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS AND
ADMINISTRATIVE LAW JUDGE ANDREW M. CALVELLI:**

In accordance with the Prehearing Conference Order dated August 4, 2017, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutors assigned to this proceeding are Scott B. Granger and Erika L. McLain. Mr. Granger and Ms. McLain may be contacted as follows:

By Mail: Scott B. Granger
Erika L. McLain
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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I. BACKGROUND

On June 27, 2017, Columbia Water Company ("Columbia" or "Company") filed Supplement No. 86 To Tariff – Water Pa. P.U.C. No. 7 to become effective August 29, 2017. It proposed to increase Columbia Water Company's total annual operating revenues by approximately \$923,668 or 17.8% above the level of pro forma revenues for the future test year ending December 31, 2017.

On August 3, 2017, the Pennsylvania Public Utility Commission ("PUC" or "Commission") entered an order suspending the implementation of Supplement No. 86 by operation of law until March 29, 2018, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 86. 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, August 25, 2017, at 2:00 p.m., before Administrative Law Judge Joel H. Cheskis ("ALJ Cheskis") and Administrative Law Judge Andrew M. Calvelli ("ALJ Calvelli"). Formal Complaints have been filed in this matter by the Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA"). The Bureau of Investigation, in accordance with the Prehearing Conference Order issued by ALJ Cheskis and ALJ Calvelli on August 4, 2017, 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
 - Accrued Depreciation
 - Contributions in Aid of Construction
 - Materials and Supplies
 - Capitalization of the Marietta System Acquisition Costs
- Expenses
 - Annual Depreciation Expense
- Present Rate Revenue
 - Projected Number of Customers
 - Projected Usage
 - Annualization Adjustments
 - Other Revenue
- Rate Structure
 - Consolidation of Rates for the Columbia and Marietta Service Divisions
 - Customer Charges
 - Usage Rates
- Operation and Maintenance Expense Including:
 - Salaries and Wages Expenses
 - Employee Pensions & Benefits Expense
 - Purchased Power Expense
 - Chemical Expense
 - Material and Supplies Expense
 - Contractual Services Expenses
 - Rental of Building/Real Property Expense
 - Transportation Expenses
 - Insurance Expenses
 - Rate Case Expense
 - Bad Debt Expense
 - Miscellaneous Expenses
 - Income Taxes
 - Taxes other than income Taxes

- Overall Rate of Return
- Cost of Long-term Debt
- Cost of Common Equity
- Capital Structure

Most of the issues raised by I&E will be supported by the Direct 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:

Jeremy Hubert	Fixed Utility Valuation Engineer
Rachel Maurer	Fixed Utility Financial Analyst
Brenton Grab	Fixed Utility Financial Analyst

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

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

IV. SCHEDULE

The parties have not yet agreed to a mutually acceptable schedule. I&E proposes the following procedural schedule:

Non-Company Direct	September 28, 2017
Rebuttal	October 23, 2017
Surrebuttal	November 3, 2017
Hearings	November 8-9, 2017
Main Briefs	November 30, 2017
Reply Briefs	December 8, 2017

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.
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,



Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
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August 18, 2017