

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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August 27, 2020

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

Re: Pennsylvania Public Utility Commission
v.
The City of Bethlehem – Water Department
Docket No. R-2020-3020256

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Very truly yours,

/s/ Christine Maloni Hoover
Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Enclosures:

cc: Office of Special Assistants (**email only**: ra-OSA@pa.gov)
Office of Administrative Law Judge (**email only**)
Bureau of Technical Utility Services (**email only**)
Certificate of Service

*294773

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2020-3020256
The City of Bethlehem – Water Department :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, 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 27th day of August 2020.

SERVICE BY E-MAIL ONLY

John M. Coogan, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Steven C. Gray, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923

Thomas T. Niesen, Esquire
Thomas, Niesen & Thomas, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

/s/ Christine Maloni Hoover
Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: August 27, 2020
*294775

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone (717) 783-5048
Facsimile (717) 783-7152

2. UTILITY NAME (RESPONDENT)

City of Bethlehem – Water Department

3. TYPE OF UTILITY

Water

4. COMPLAINT

- A.** On July 31, 2020, the City of Bethlehem – Water Department (City) filed Supplement No. 15 to Tariff Water – Pa. P.U.C. No. 6, to become effective September 29, 2020. The City, by filing this tariff supplement, seeks Commission approval to make rate changes that would increase the level of rates that it charges for providing service to its customers outside the City boundaries.
- B.** If the proposed tariff supplement becomes effective, the City will benefit from an opportunity to recover an estimated annual increase in base rate revenues of \$908,421 from customers located outside the City. This represents an approximate overall 10.9% increase in the City's annual revenues at present rates. Under the City's proposal, the total bill for a residential customer using 4,000 gallons per month with a 5/8" meter would increase from \$25.31 to \$28.52 per month, or by 12.7%. The proposed rates for an average 2" meter commercial customer using 65,000 gallons per month would increase from \$301.93 to \$349.57 per month, or by 15.8%. Additionally, rates for an industrial customer using 228,000 gallons per

month with a 1 1/2" meter would increase from \$812.96 to \$980.09 per month, or by 20.6%.

- C.** The City provides drinking water to 23,341 customers in the City of Bethlehem and 13,800 customers in portions of 11 surrounding municipalities in Northampton and Lehigh Counties.
- D.** The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. C.S. §§ 309-1 et seq.
- E.** A preliminary examination of the City's rate increase request indicates that the City's present rates and proposed charges, increases and changes in rates, rules, and regulations contained within the request are or may be unjust, unreasonable, and in violation of law; will or may allow the City an opportunity to recover an excessive rate of return on its utility property investment, in violation of the Public Utility Code; will or may discriminate against certain customers; will or may compensate the City for providing inadequate service to some or all of its customers; and otherwise may be contrary to sound ratemaking principles and public policy.

5. RELIEF

The Acting Consumer Advocate respectfully requests that Your Honorable Commission take the following actions:

- A.** Suspend and investigate the operation of the proposed tariff supplement, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B.** Consolidate all complaints filed against the proposed increase;
- C.** Hold full evidentiary hearings examining the reasonableness of the City's current rates and its proposed increases in rates;
- D.** After providing the public with adequate notice, hold public input hearings in the City's service territory, if possible or virtually, in order to provide its customers with an opportunity to be heard on the record;
- E.** Deny any charges or changes contained in the proposal which cannot be fully justified by the City, or which otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- F.** Grant such other relief that the Commission may deem to be necessary and proper.

6. VERIFICATION AND SIGNATURE

Verification:

I, Tanya J. McCloskey, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

/s/ Tanya J. McCloskey
Signature

August 27, 2020
Date

7. LEGAL REPRESENTATION

Christine Maloni Hoover, Sr. Assistant Consumer Advocate, PA Bar No. 50026

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone (717) 783-5048
Facsimile (717) 783-7152
Email CHoover@paoca.org

**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC). In accordance with Act 161, and for the following reasons, the Acting Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the PUC involving the proposed rate increase requested by the City of Bethlehem – Water Department (City).

The objective of the Acting Consumer Advocate in filing a Formal Complaint in this matter is to protect the interests of the City's customers located outside the City. The Acting Consumer Advocate will seek to ensure that the City is permitted to implement only a level of rates that is fully justified and in accordance with sound ratemaking principles. The Acting Consumer Advocate will strive to prevent the City from collecting from PUC-jurisdictional ratepayers all costs that cannot be justified, or are unreasonable or unduly discriminatory, or otherwise violative of the Public Utility Code. The Acting Consumer Advocate submits that the City's current rates and the rates sought by the City may be unjustifiable and unlawful based upon information filed by the City in support of its claim.

The Acting Consumer Advocate has filed this Formal Complaint and will, in the course of the proceedings, investigate the City's proposed rate increase of \$908,421 from customers located outside the City and request that the PUC deny all proposed increases or changes that are not proven to be justified, reasonable, and in accordance with sound ratemaking principles. Under the City's proposal, the total bill for a residential customer using 4,000 gallons per month with a 5/8" meter would increase from \$25.31 to \$28.52 per month, or by 12.7%. The proposed rates for an average 2" meter commercial customer using 65,000 gallons per month would increase from \$301.93 to \$349.57 per month, or by 15.8%. Additionally, rates for an industrial customer using 228,000 gallons per month with a 1 1/2" meter would increase from \$812.96 to

\$980.09 per month, or by 20.6%. The City provides drinking water to 23,341 customers in the City of Bethlehem and 13,800 customers in portions of 11 surrounding municipalities in Northampton and Lehigh Counties.

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