



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

October 28, 2020

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Audubon Water Company
Docket No. R-2020-3020919
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** for the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. *Due to the temporary closing of the PUC's offices, I&E is only providing electronic service.* Should you have any questions, please do not hesitate to contact me.

Sincerely,

Allison C. Kaster
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 93176
(717) 783-7998
akaster@pa.gov

ACK/ac
Enclosures

cc: Honorable Darleen Heep (*via email only*)
Pamela McNeal, Legal Assistant (*via email only*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No.: R-2020-3020919
	:	
Audubon Water Company	:	

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

To Administrative Law Judge Darlene Heep:

The Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (Commission) hereby submits this Prehearing Memorandum in the above-captioned docket.

I. BACKGROUND

On July 20, 2020, Audubon Water Company (Audubon or Company) filed Supplement No. 3 to Tariff Water – Pa. PUC No. 4 to become effective September 19, 2020 proposing to increase total annual operating revenues for water service by approximately \$934,236, or 41.1%.

On August 19, 2020, the Office of Consumer Advocate filed a Formal Complaint at Docket No. C-2020-3021396. On August 27, 2020, the Office of Small Business Advocate filed a Formal Complaint at Docket No. C-2020-3021579. On September 1, 2020, I&E filed a Notice of Appearance.

By Order entered September 17, 2020, the filing was suspended by operation of law until April 19, 2021, unless permitted by Commission Order to become effective at an earlier date. The Commission directed that the case be assigned to the Office of Administrative Law Judge for the scheduling of hearings as may be necessary for the presiding officer to render a Recommended Decision.

This proceeding was assigned to Administrative Law Judge Darleen Heep. On September 29, 2020, ALJ Heep issued a Prehearing Conference Order directing that each party file a Prehearing Memorandum no later than 10:00 a.m. on October 28, 2020. Accordingly, I&E submits this timely Memorandum in compliance with the Prehearing Conference Order.

II. ISSUES

The following list represents I&E's preliminary determination of the potential issues in this proceeding:

- Rate of Return
 - Cost of Debt
 - Cost of Equity
 - Capital Structure
- O&M Expenses
 - Rate Case Expense
 - Dues and Subscriptions
 - Vehicles
 - Chemical Expenses
- Rate Base
- Rate Structure

III. WITNESSES

It is currently expected that I&E may call the following witnesses without being limited thereto:

- Esyan Sakaya, Fixed Utility Valuation Engineer: Mr. Sakaya anticipates addressing rate base and rate design issues identified above.
- Anthony Spadaccio, Fixed Utility Financial Analyst: Mr. Spadaccio anticipates addressing rate of return issues identified above.
- John Zalesky, Fixed Utility Financial Analyst: Mr. Zalesky anticipates addressing O&M issues identified above.

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

IV. 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.

V. DISCOVERY

At this time, I&E does not request that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified.

VI. SCHEDULE

I&E is currently working with the other active parties to develop a mutually agreeable litigation schedule.

VII. SERVICE OF DOCUMENTS

The I&E prosecutor assigned to this proceeding is Allison C. Kaster who may be contacted as follows:

By mail: Allison C. Kaster
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

By e-mail: akaster@pa.gov

Telephone: (717) 783-7998

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs during the closure of Commission offices, and consistent with Paragraph 8 of the Commission's March 20, 2020 Emergency Order,¹ I&E will both only serve and accept electronic delivery of documents. Upon re-opening of Commission offices, I&E requests parties provide a follow-up hard copy provided by regular first-class mail in addition to electronic delivery.

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. In the event settlement

¹ *Re: Suspension of Regulatory and Statutory Deadlines; Modification to Filing and Service Requirements*, Docket No. M-2020-3019262.

discussions fail to result in a complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,

A handwritten signature in black ink that reads "Allison C. Kaster". The signature is written in a cursive style with a long, sweeping tail on the letter "K".

Allison C. Kaster
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

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Date: October 28, 2020

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