

November 4, 2021

VIA E-FILE

Rosemary Chiavetta
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265
rchiavetta@pa.gov

RE: City of Lancaster – Water Department
Water Rate Case
Docket No. R-2021-3026682

Dear Secretary Chiavetta:

Enclosed for filing please find the City of Lancaster's Prehearing Memorandum for the above-captioned matter.

Consistent with the Pennsylvania Public Utility Commission's Order regarding waiver of regulations regarding service requirements, issued at Docket M-2021-3028321 on September 15, 2021, the City is providing only electronic service on parties of record per the attached Certificate of Service.

Thank you.

Respectfully submitted,



Courtney L. Schultz

cc: ALJ Darlene D. Heep (*via email only*)
Athena Delvillar, Legal Assistant (*via email only*)
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**The City of Lancaster
Docket No. R-2021-3026682**

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing, was served upon the persons listed
below *Via Electronic Mail*:

Erin K. Fure
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Senior Assistant Consumer Advocate
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Gina L. Miller, Prosecutor
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/s/ Courtney L. Schultz
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Counsel for City of Lancaster

Dated: November 4, 2021

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Administrative Law Judge
Darlene Heep, Presiding**

Pennsylvania Public Utility Commission	R-2021-3026682
v.	C-2021-3029095
City of Lancaster Bureau of Water	C-2021-3029188

**PREHEARING CONFERENCE MEMORANDUM OF
CITY OF LANCASTER BUREAU OF WATER**

The City of Lancaster Bureau of Water (“City”), through the undersigned counsel, submits the following memorandum in connection with the telephonic Prehearing Conference to be held on November 5, 2021:

I. History of the Proceeding.

This proceeding concerns the City’s Supplement No. 46 to Tariff Water-Pa. P.U.C. No. 6 (“Supplement No. 46”) filed on September 30, 2021. Supplement No. 46 would increase the City’s jurisdictional water revenues by \$4,024,593 per year.

The Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance on October 5, 2021. Complaints against the rate filing were filed by the Office of the Consumer Advocate (“OCA”) on October 15, 2021, and the Office of the Small Business Advocate (“OSBA”) on October 21, 2021, at Docket Nos. C-2021-3029095 and C-2021-3029188, respectively.

By order entered October 28, 2021, the Pennsylvania Public Utility Commission (“Commission”) suspended Supplement No. 46 and instituted an investigation into the

reasonableness of the proposed tariff change. The matter was assigned to Administrative Law Judge Darlene Heep.

II. The City's Counsel.

The name, postal, and e-mail addresses and telephone and fax numbers for the City's counsel to be included on the service list are:

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III. Proposed Plan and Schedule for Discovery.

OCA, OSBA, and I&E have begun to propound discovery and the City has submitted timely responses. OCA, OSBA, and I&E continue to propound new discovery requests. The City proposes that the opportunity to propound discovery concerning Supplement No. 46 and supporting information and testimony be concluded by November 15, 2021. Follow-up discovery would be permitted thereafter. OCA has advised the City that it will propose to modify the time to respond to discovery served after the prehearing conference from 15 calendar days to 10 calendar days, with discovery propounded after noon on a Friday or the day before a holiday deemed to be served on the next business day for purposes of determining the due date. The City is agreeable to the OCA's proposed discovery modifications.

IV. Possibility of Settlement.

The City hopes to engage in discussions with all other parties in an attempt to settle this proceeding, in whole or in part, on an appropriate and reasonable basis.

V. Issues the City Intends to Raise and Pursue.

The critical inquiry in this proceeding is whether the rates, regulations, and rules proposed by the City in Supplement No. 46 are fair, just, reasonable, non-discriminatory, and lawful. The City is currently unable to identify with any specificity the issues that I&E, OCA, OSBA, and any other participants in this proceeding may raise. However, the City anticipates that the following issues will be raised during this proceeding:

1. Whether the City's rate base claim is reasonable?
2. Whether the City's claimed rate of return is reasonable?
3. Whether the City's claims for operating revenue, expenses, and depreciation are reasonable?
4. Whether the City's proposed rate-design is fair, reasonable, non-discriminatory, and lawful?

The City submits that Supplement No. 46 and the corresponding supporting information filed along with it demonstrate that each of the foregoing issues should be resolved in the City's favor. It is the City's position that the rates, regulations, and rules proposed in Supplement No. 46 are fair, just, reasonable, non-discriminatory and lawful and should be permitted to go into effect as proposed.

VI. Service of Documents

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the City agrees to accept electronic mail delivery of documents on the due date as satisfying the in-hand requirement, and proposes to serve documents electronically only as well.

VII. Amount of Hearing Time Needed.

The City proposes to schedule two days for hearings, with the likelihood that only one day may be necessary.

VIII. The City's Witnesses and Areas of Testimony.

The City has provided written direct testimony from the following witnesses:

Statement	Witness	General Subject Matter
1	Patrick S. Hopkins Business Administrator City of Lancaster	Organization of the City of Lancaster; accounting; reasons for rate increase. Exhibit PH-1.
2	Stephen Campbell Director of Public Works City of Lancaster	The City of Lancaster's water system; capital improvement projects. Exhibits SC-1, SC-2, and SC-3.
3	Gregory R. Herbert Rate Analyst Gannet Fleming Valuation and Rate Consultants, LLC	Revenue and revenue requirements. Exhibits GRH-1 and GRH-2.
4	Constance E. Heppenstall Senior Project Manager, Rate Studies Gannet Fleming Valuation and Rate Consultants, LLC	Cost of service study and proposed rate design. Exhibit CEH-1.
5	John J. Spanos President Gannet Fleming Valuation and Rate Consultants, LLC	Depreciation, including depreciation studies as of December 31, 2020 and December 31, 2021, identified as Exhibits JJS-1, JJS-2, and JJS-3.
6	Harold Walker, III Manager, Financial Studies Gannet Fleming Valuation and Rate Consultants, LLC	Rate of return. Exhibit HW-1.

IX. Schedule for Submission of Testimony, Hearings and Briefs.

The parties have corresponded over the past several days concerning a potential schedule.

The parties propose the following schedule for submission of testimony, hearings, and briefs:

Subject	Date
Other Parties' Direct Testimony	December 23, 2021
City's Rebuttal Testimony	January 13, 2022
Other Parties' Surrebuttal Testimony	January 28, 2022
Rejoinder Outline	February 4, 2022
Hearing Dates	February 9, 2022 – February 10, 2022
Close of Record	February 11, 2022
Main Briefs	March 3, 2022
Reply Briefs	March 14, 2022

X. Public Input Hearings.

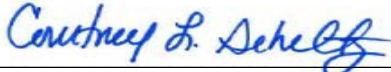
The City agrees to participate in any public input hearings deemed necessary in this proceeding. Additionally, the City advocates the use of telephonic or virtual public input hearings should they be warranted.

XI. Conclusion.

Based on the evidence described above, the City submits that the rates proposed in Supplement No. 46 are just, reasonable, and lawful. Additionally, and as explained above, the City

remains open to settling issues and concerns raised by other parties on fair and reasonable terms.

Respectfully submitted,

By: 
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Bureau of Water*

Dated: November 4, 2021