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June 2, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: The Borough of Ambler Supplement No. 40 to Tariff Water – PA. P.U.C. No. 5;
Docket No. R-2022-3031704**

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the Borough of Ambler in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to the Borough of Ambler

c: Steven K. Haas, Administrative Law Judge (via e-mail)
John Coogan, Administrative Law Judge (via e-mail)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

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Adeolu A. Bakare

Counsel to the Borough of Ambler

Dated this 2nd day of June, 2022, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	Docket No. R-2022-3031704
	:	
Borough of Ambler – Water Department	:	

**BOROUGH OF AMBLER – WATER DEPARTMENT
PREHEARING MEMORANDUM**

The Borough of Ambler – Water Department ("Borough") hereby submits this Prehearing Memorandum in anticipation of the Prehearing Conference scheduled for June 6, 2022.

I. HISTORY OF THE PROCEEDING

On March 31, 2022, the Borough filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 40 to Tariff Water – PA. P.U.C. No. 5 ("Supplement No. 40") proposing to increase jurisdictional revenues by \$637,691.

On April 14, 2022, the Office of Small Business Advocate ("OSBA") filed a Complaint in this proceeding. The Bureau of Investigation and Enforcement ("I&E") filed Notices of Appearance on April 22, 2022, and the Office of Consumer Advocate ("OCA") filed a Notice of Intervention and Public Statement on May 19, 2022. A formal Complaint was also filed by Richard Shorin on May 23, 2022. Pursuant to 52 Pa. Code § 5.61(d), the Borough elected not to file answers to OSBA's or Richard Shorin's Complaints.

On May 12, 2022, the Commission suspended Supplement No. 40 for investigation. The filing was referred to the Office of Administrative Law Judge for Alternative Dispute Resolution or hearings.

On May 18, 2022, the Commission issued a Prehearing Conference Notice to the Borough and to all parties scheduling the Prehearing Conference for June 6, 2022, before Administrative Law Judges ("ALJs") Steven K. Haas and John Coogan.

II. ANTICIPATED ISSUES AND SUB-ISSUES

In general, the Borough will address the proposed changes to its base rates as necessary to affirm that Supplement No. 40 sets forth just and reasonable modifications that will provide the Borough with an opportunity to earn a fair rate of return on the utility dedicated to the service of its jurisdictional customers. The Borough will present evidence establishing its need for the requested rate increase.

To support the requested rate increase, the Borough anticipates addressing the following sub-issues:

1. **Revenue Requirement** – The Borough will demonstrate that the proposed rates appropriately reflect sales and revenues in the Historic, Future, and Fully-Projected Future Test Years.
2. **Expenses** – The Borough will demonstrate that it appropriately reflected and accounted for known and measurable expenses in the Historic, Future and Fully-Projected Future Test Years.
3. **Rate of Return** – The Borough will show that the proposed rate of return reflects an appropriate capital structure, cost of debt and cost of equity, and will provide the Borough with the minimum revenues necessary to allow an opportunity to earn a fair return on utility property.
4. **Rate Base** – The Borough will confirm that its developed rate base appropriately reflects the original cost of utility plant in the Historic, Future, and Fully-Projected Future Test Years, depreciation reserve, cash working capital, and materials and supplies.
5. **Rate Structure** – The Borough will support its proposed rate allocation.

III. PROPOSED WITNESSES

The Borough proposes to submit the testimony of the following witnesses, who will testify on the issues as reflected below:

1. **Mary Aversa, Borough Manager, Borough of Ambler; 131 Rosemary Avenue, Ambler, PA 19002; 215-646-1000** – Will provide an overview of the Borough's operations, review the Borough's 2022 water rate case and discuss the Borough's financial condition.
2. **Constance E. Heppenstall, Senior Project Manager, Rate Studies, Gannett Fleming Valuation and Rate Consultants, LLC; 1010 Adams Avenue, Audubon, PA 19403; 610-783-3785** – Will testify regarding the Borough's income statement, rate base, operating revenue and expense adjustments, and rate design.
3. **John J. Spanos, President, Gannett Fleming Valuation and Rate Consultants, LLC; 207 Senate Avenue, Camp Hill, PA 17011; 717-886-5721** – Will testify on depreciation studies with regard to plant in service as of September 30, 2021, September 30, 2022, and September 30, 2023, for the water assets.
4. **Dylan W. D'Ascendis, Director, ScottMadden, Inc.; 3000 Atrium Way, Suite 241, Mount Laurel, NJ 08054; 609-680-8695** – Will testify regarding the appropriate capital structure and corresponding equity and debt cost rates for the Borough.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES

The Borough, OCA, OSBA, and I&E have agreed to the following procedural schedule for this proceeding.

Date	Event
June 2, 2022	Service of Company Direct Testimony
June 6, 2022	Prehearing Conference
June 20, 2022	Settlement Conference
July 1, 2022	Service of Other Party Direct Testimony
July 15, 2022	Service of Written Rebuttal Testimony
July 27, 2022	Service of Written Surrebuttal Testimony
July 29, 2022	Service of Written Rejoinder Testimony and/or Outline of Rejoinder Testimony
August 1-3, 2022, at 10:00 a.m. each day	Telephonic Evidentiary Hearings (note August 1 is a placeholder date)
August 19, 2022	Filing and Service of Main Briefs
September 2, 2022	Filing and Service of Reply Briefs or Submission of Joint Settlement Petition

Discovery has commenced for this proceeding, with the Borough already responding to approximately 79 data requests and interrogatories, not including the numerous sub-questions. Due to the relatively small size of the Borough's staff, the Borough suggests that, in lieu of any acceleration of the discovery deadlines, all parties commit in good faith to respond to each request as quickly as possible.

The Borough proposes that service via electronic mail shall constitute sufficient service to satisfy any "in hand" dates. In addition, any discovery served after Noon on a Friday or on a holiday should be considered to have been served on the following business day for purposes of calculating any responsive deadlines.

V. POSSIBILITY OF SETTLEMENT

The Borough is willing to pursue settlement discussions with the other parties to amicably resolve the issues in this proceeding. In addition, the Borough is willing to schedule informal settlement conferences as appropriate. The Borough anticipates productive discussions with the parties and will undertake reasonable efforts to fully or partially resolve this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Dated: June 2, 2022

Counsel to the Borough of Ambler