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June 24, 2022

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
400 North Street
Harrisburg, PA 17120

Re: PA Public Utility Commission v. Pennsylvania-American Water Company
Docket Nos. R-2022-3031672 (Water) and R-2022-3031673 (Wastewater)

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Memorandum of Victory Brewing Company with regard to the above-referenced matters. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

/s/ Karen O. Moury

Karen O. Moury

Enclosure

cc: Hon. Joel H. Cheskis, w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Victory Brewing Company's Prehearing Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

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Administrative Law Judge
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Dated: June 24, 2022

/s/ Karen O. Moury
Karen O. Moury, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission : R-2022-3031672, *et al.*
: (water)
v. :
: :
Pennsylvania-American Water Company :

Pennsylvania Public Utility Commission : R-2022-3031673, *et al.*
: (wastewater)
v. :
: :
Pennsylvania-American Water Company :

PREHEARING CONFERENCE MEMORANDUM OF VICTORY BREWING COMPANY

Pursuant to the regulations of the Pennsylvania Public Utility Commission (“Commission”) at 52 Pa. Code §§ 5.221-5.224 and the Prehearing Conference Order issued by Deputy Chief Administrative Law Judge (“DCALJ”) Joel H. Cheskis on June 17, 2022, Victory Brewing Company (“Victory Brewing”) submits this Prehearing Conference Memorandum.

I. PROCEDURAL HISTORY

On April 29, 2022, Pennsylvania-American Water Company (“PAWC”) filed Supplement No. 35 to Tariff Water-PA. P.U.C. No. 5 (“Supplement No. 35”) with the Pennsylvania Public Utility Commission to become effective June 28, 2022. Supplement No. 35 would increase PAWC’s total annual operating revenues for water service by approximately \$154.4 million, or 21.6%.

Also on April 29, 2022, PAWC filed Tariff Wastewater PA P.U.C. No. 16 (“Supplement No. 34”) with the Commission to become effective June 28, 2022. Supplement No. 34 would increase PAWC’s total annual operating revenues for wastewater service by approximately \$18.7 million, or 16.1%.

On June 16, 2022, by separate Orders, the Commission suspended the filings by operation of law until January 28, 2023, pursuant to Section 1308(d) of the Public Utility Code, unless permitted by the Commission to become effective at an earlier date. In both Orders, the Commission stated that investigation and analysis of the proposed tariff supplements and the supporting data indicate that the proposed changes in rates, rules and regulations may be unlawful, unjust, unreasonable and contrary to the public interest. The Commission also determined that consideration should be given to the reasonableness of PAWC's existing rates, rules and regulations.

As a result, the Commission ordered that an investigation be instituted in response to both filings to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed tariff filings, as well as a consideration of the lawfulness, justness and reasonableness of the exiting rates, rules, and regulations. The Commission assigned the cases to the Office of Administrative Law Judge for Alternative Dispute Resolution, if possible, and for the prompt scheduling of hearings as may be necessary culminating in the issuance of Recommended Decisions.

On June 16, 2022, a hearing notice was issued for both filings establishing a telephonic prehearing conference for these matters for Monday, June 27, 2022 at 11:00 a.m. and assigning DCALJ Cheskis as the presiding officer. DCALJ Cheskis issued a Prehearing Conference Order on June 17, 2022 directing the filing of prehearing conference memoranda by June 24, 2022.

On June 23, 2022, Victory Brewing filed a Formal Complaint against the proposed rate increases. In accordance with the Prehearing Conference Order, Victory Brewing submits this Prehearing Conference Memorandum.

II. REPRESENTATION

Attorneys for Victory Brewing in this matter are:

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Counsel for Victory Brewing intends to call into the prehearing conference. Victory Brewing prefers that documents be served electronically to the above email addresses and agrees to receive service of documents electronically in this proceeding. To the extent that materials are not available electronically, Victory Brewing requests that only one hard copy of documents, if any, be served upon Lauren M. Burge at the above mailing address.

III. PRESENTLY IDENTIFIED ISSUES

Victory Brewing is an industrial water and wastewater customer of PAWC in Rate Zone 1 and the Coatesville District. The service address is 3127 Lower Valley Road, Parkesburg, PA 19365-9617. Victory Brewing has identified the following issues that should be examined in this proceeding:

- The significant proposed increases to water and wastewater service and usage charges may not be supported by the materials submitted by PAWC;
- The proposed increases to water rates of the industrial class result in movement away from cost of service;

- The proposed increases to wastewater rates applicable to Victory Brewery are higher than the system average increase and higher than the increase proposed for other industrial customers;
- The proposed increases to surcharges and the proposed imposition of new surcharges under Schedule U of Supplement No. 34 as part of the Industrial Pretreatment Program would potentially increase Victory Brewing's monthly wastewater bills by \$23,000, which would amount to an increase of approximately 40 percent;
- The explanation given by PAWC for the proposed changes to Schedule U of Supplement No. 34 is insufficient to support the proposals;
- The expected impact of all of the proposed increases on Victory Brewing would be \$37,000 per month, or over 60 percent higher than current charges; and
- The expected annual impact of the proposed increases in Supplement No. 35 and Supplement No. 34 is an additional amount of approximately \$446,000 that Victory Brewing would pay to PAWC over the amount of \$734,953 paid under present rates in 2021.

At this time, Victory Brewing continues to evaluate its position and will refine its position based upon further study of the proposals, review of discovery and additional input from other parties. Victory Brewing reserves the right to address other issues identified through its continued review and analysis of the filing or raised by other parties.

IV. WITNESSES

Victory Brewing has not yet identified a witness. However, Victory Brewing will provide appropriate notice to DCALJ Cheskis and the parties upon the identification of a witness or witnesses.

V. DISCOVERY

Victory Brewing is amenable to working with the other parties in this matter to adopt a reasonable proposed plan and schedule for discovery, including modifications to the Commission's regulations. Victory Brewing is supportive of the parties' proposed modifications that were electronically circulated on June 23, 2022.

VI. PROCEDURAL SCHEDULE

Victory Brewing will cooperate with the other parties and DCALJ Cheskis to facilitate a workable litigation schedule. The proposed litigation schedule electronically circulated to the parties on June 23, 2022, as further clarified on June 24, 2022, is acceptable to Victory Brewing.

VII. SETTLEMENT

Victory Brewing is willing to participate in settlement discussions with any party to narrow or fully resolve the issues in this matter.

Respectfully submitted,

/s/ Karen O. Moury

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Date: June 24, 2022