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June 24, 2022

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

VIA ELECTRONIC FILING

**RE: Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company;
Docket Nos. R-2022-3031672 and R-2022-3031673**

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of the Pennsylvania-American Water Large Users Group ("PAWLUG"), 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

c: Joel H. Cheskis, Deputy Chief 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 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL

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Adeolu A. Bakare

Counsel to the Pennsylvania-American Water
Large Users Group

Dated this 24th day of June, 2022, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------------------|
| Pennsylvania Public Utility Commission | : | R-2022-3031672, <i>et al.</i> (Water) |
| | : | |
| v. | : | |
| | : | |
| Pennsylvania-American Water Company | : | |

| | | |
|--|---|--|
| Pennsylvania Public Utility Commission | : | R-2022-3031673, <i>et al.</i> (Wastewater) |
| | : | |
| v. | : | |
| | : | |
| Pennsylvania-American Water Company | : | |

**PREHEARING MEMORANDUM OF THE
PENNSYLVANIA-AMERICAN WATER LARGE USERS GROUP**

Pursuant to 52 Pa. Code § 5.224(c), the Pennsylvania-American Water Large Users Group (“PAWLUG”) hereby submits this Prehearing Memorandum in the above-referenced proceeding.

I. HISTORY OF THE PROCEEDING

On April 29, 2022, Pennsylvania-American Water Company (“PAWC”) filed with the Pennsylvania Public Utility Commission (“Commission” or “PUC”) proposed Supplement No. 35 to Tariff Water-Pa. P.U.C. No. 5 (“Water Tariff”) and proposed Supplement No. 34 to Tariff Wastewater-Pa. P.U.C. No. 16 (“Wastewater Tariff”). By these filings, PAWC requested an overall increase in rates of approximately \$173.2 million or 20.8% above the level of *pro forma* revenues for the fully projected future test year ending December 21, 2023.

The Commission issued an Order on June 16, 2022, suspending proposed Supplement Nos. 35 and 34, by operation of law, until January 28, 2023, and instituting an investigation into PAWC’s proposed Supplement Nos. 35 and 34.

On June 22, 2022, PAWLUG filed a Complaint establishing its significant interest in this proceeding. A description of PAWLUG is set forth in Paragraph 4 of its Complaint.

A Prehearing Conference has been scheduled in this proceeding for June 27, 2022.

II. SERVICE LIST

For purposes of service in the above-captioned proceeding, please direct all communications to:

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III. ANTICIPATED ISSUES AND SUB-ISSUES

PAWLUG submits that the information and data filed in support of the proposed rates and tariff provisions are insufficient to establish that the proposed rates are just, reasonable and nondiscriminatory, as required by Sections 1301 and 1304 of the Public Utility Code. 66 Pa.C.S. §§ 1301 and 1304. PAWLUG's preliminary review of the Company's filing indicates a need for Commission investigation into at least the following issues:

- a) the size of the requested rate increase, especially in light of the relief provided by the PUC in PAWC's 2020, 2017 and 2013 base rate proceedings;
- b) the accuracy and legitimacy of the Cost of Service Study allocation methodology;
- c) the proposed distribution of the increase among customer classes;
- d) the reasonableness of PAWC's proposed Revenue Stabilization Mechanism;
- e) rate structure and rate design;

- f) issues relating to ongoing recovery from ratepayers for infrastructure improvements under the Distribution System Improvement Charge (“DSIC”); and
- g) the nexus between PAWC’s revenue claims in this proceeding and the benefits that the Company has received, and will continue to receive, through the DSIC.

PAWLUG anticipates pursuing these issues during this proceeding, and PAWLUG also reserves the right to raise further issues and to respond to issues raised by other parties.

IV. PROPOSED WITNESSES

PAWLUG proposes to submit the testimony of the following witness, who will testify on the issues as reflected below:

Billie S. LaConte
 Energy Advisor and Associate Consultant
 J. Pollock, Incorporated
 12647 Olive Blvd., Suite 585
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If PAWLUG determines that it will present additional witnesses, PAWLUG will inform the Deputy Chief ALJ and the other parties as soon as possible. PAWLUG also intends to participate in this proceeding through the submission of discovery, cross-examination of other parties’ witnesses and the submission of briefs, exceptions and reply exceptions, if necessary.

V. PROPOSED SCHEDULE AND DISCOVERY RULES

PAWLUG has agreed to the below schedule previously circulated amongst the parties:

| Date | Event |
|-------------------------------|---|
| June 27, 2022 | Prehearing Conference |
| Week of July 18, 2022 | Public Input Hearings |
| July 29, 2022 | Opposing Party Direct Testimony |
| August 19, 2022 | Rebuttal Testimony (all parties) |
| September 1, 2022 | Surrebuttal Testimony (all parties) |
| September 8-9 and 12-14, 2022 | Evidentiary Hearings (including oral rejoinder) |
| September 29, 2022 | Main Briefs |

| | |
|------------------|--------------------------|
| October 11, 2022 | Reply Briefs |
| January 12, 2023 | Public Meeting |
| January 28, 2023 | End of Suspension Period |

PAWLUG will cooperate with the Deputy Chief ALJ and the parties at the Prehearing Conference to develop discovery rules in accordance with the Commission's regulations and any directives issued by the Deputy Chief ALJ.

VI. POSSIBILITY OF SETTLEMENT

PAWLUG is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding, subject to Commission approval.

Respectfully submitted,

McNEES WALLACE & NURICK LLC



By _____

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Dated: June 24, 2022