



COMMONWEALTH OF PENNSYLVANIA

June 24, 2022

E-FILED

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

Re: Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company / Docket Nos. R-2022-3031672 (water) R-2022-3031673 (wastewater)

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

Copies will be served on all known parties in these proceedings, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Erin K. Fure

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Enclosures

cc: Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2022-3031672 (water)
	:	R-2022-3031673 (wastewater)
Pennsylvania-American Water Company	:	
	:	

**OFFICE OF SMALL BUSINESS ADVOCATE
PREHEARING MEMORANDUM**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter are Assistant Small Business Advocate Erin K. Fure and Senior Supervising Assistant Small Business Advocate Steven C. Gray. Please address all correspondence as follows:

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II. FILING BACKGROUND

On April 29, 2022, Pennsylvania-American Water Company (“PAWC” or the “Company”) filed Supplement No. 35 to Tariff Water-PA P.U.C. No. 5 (“Supplement No. 35”) and Supplement No. 34 to Tariff Wastewater Pa P.U.C. No. 16 (“Supplement No. 34”), to become effective on June 28, 2022. In its filings, PAWC requests a \$173.2 million increase in water and wastewater rates.

The Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance on May 3, 2022.

On May 4, 2022, the OSBA filed a Complaint (Docket No. C-2022-3032331), Notice of Appearance, and Public Statement.

On May 11, 2022 a Petition to Intervene and Answer was filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”).

On May 16, 2022, the Office of Consumer Advocate (“OCA”) filed a Formal Complaint, Notice of Appearance, and Public Statement.

On May 17, 2022, a Petition to Intervene was filed by the Commission on Economic Opportunity (“CEO”).

On May 20, 2022, a Petition to Intervene was filed by Cleveland-Cliffs Steel (“Cleveland-Cliffs”). Cleveland-Cliffs filed a Notice of Appearance and a Motion for Admission Pro Hac Vice on May 25, 2022.

On May 31, 2022, Exeter Township filed a Petition to Intervene and Answer.

On June 1, 2022, a Notice of Appearance was filed by the Borough of St. Lawrence, Berks County, Pennsylvania.

By Order entered June 16, 2022, the proposed Supplement No. 34 and proposed

Supplement No. 35 were suspended by operation of law until January 28, 2023. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement No. 34 and the proposed Supplement No. 35.

On June 16, 2022, a Notice was issued that a telephonic Prehearing Conference was scheduled for June 27, 2022 before Deputy Chief Administrative Law Judge (“ALJ”) Joel H. Cheskis.

On June 17, 2022, Deputy Chief ALJ Cheskis issued a Prehearing Conference Order.

III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Brian Kalcic
Excel Consulting
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After an initial review of the materials submitted by the Company, the OSBA has identified the following issues:

1. Whether the methodology used in PAWC’s water cost-of-service study (WCOSS) is appropriate;
2. Whether the Company’s proposed class revenue allocation for water service customers is cost based;
3. Whether the Company’s proposal to recover \$72.9 million of its claimed wastewater revenue requirement from water service customers is appropriate;
4. Whether PAWC’s proposed methodology for allocating \$72.9 million of its claimed wastewater revenue requirement to its water service classes is cost based;

5. Whether the methodology used in the Company's wastewater cost-of-service studies (WWCOSSs) is appropriate;
6. Whether the Company's proposed class revenue allocations for wastewater service customers are cost based;
7. Whether PAWC's proposed wastewater increases to non-Rate Zone 1 rate areas are reasonable and appropriate;
8. Whether the negotiated rates paid by the Contract/Bulk customers served on the Company's York wastewater system are appropriate;
9. Whether PAWC's requested return on equity of 10.80% is excessive; and
10. Whether the Company's proposed Revenue Stabilization Mechanism ("RSM") is reasonable and appropriate.

The OSBA will participate in the case to assure that the interests of small business customers of the Company are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through discovery, through the cross-examination of witnesses appearing for those parties, through the filing of testimony, and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers would be unjustifiably different than, or disproportionate to, the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness.

The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

IV. SERVICE OF DOCUMENTS

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date¹ as satisfying the in-hand requirement. The OSBA requests that electronic copies be provided to its witness identified above. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witnesses identified above.

V. DISCOVERY

The OSBA does not propose any discovery modifications in this proceeding, but will work with the parties to develop any mutually agreeable discovery modifications.

VI. SETTLEMENT

The OSBA is willing to continue to engage in settlement discussions at the appropriate time, as necessary.

VII. HEARING AND BRIEFING SCHEDULE

The OSBA has cooperated with the other parties to develop a procedural schedule. The OSBA is in agreement with the procedural schedule proposed by the Company in its Prehearing Memorandum, and recreated below for ease of reference:

Prehearing Conference	June 27, 2022
Telephonic Public Input Hearings	Week of July 18, 2022

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

Opposing Party Direct Testimony	July 29, 2022
Rebuttal Testimony (all parties)	August 19, 2022
Surrebuttal Testimony (all parties)	September 1, 2022
Telephonic Evidentiary Hearings (including oral rejoinder)	September 8-9 and 12-14, 2022
Main Briefs Due	September 29, 2022
Reply Briefs Due	October 11, 2022
Public Meeting	January 12, 2023
End of Suspension Period	January 28, 2023

Respectfully submitted,

/s/ Erin K. Fure

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Office of Small Business Advocate
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Dated: June 24, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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	:	R-2022-3031673 (wastewater)
Pennsylvania-American Water Company	:	
	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Dated: June 24, 2022