



COMMONWEALTH OF PENNSYLVANIA

June 27, 2023

**E-FILED**

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

**Re: Pennsylvania Public Utility Commission v. The Pittsburgh Water and Sewer Authority Docket Nos. R-2023-3039920 (Water); R-2023-3039921 (Wastewater); R-2023-3039919 (Stormwater)**

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 proceeding, as indicated on the attached Certificate of Service.

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

Sincerely,

*/s/ Sharon E. Webb*

Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

*Enclosures*

cc: Kevin Higgins  
Brian Kalcic  
Parties of Record



## II. FILING BACKGROUND

On May 11, 2023, the Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”) filed Supplement No. 12 to Tariff Water Pa. P.U.C. No. 1 (“Supplement No. 12W”), Supplement No. 11 to Tariff Wastewater PA P.U.C. No. 1 (“Supplement No. 11WW”), and Supplement No. 3 to Tariff Storm Water Pa. P.U.C. No. 1 (“Supplement No. 3SW”) (collectively “Tariffs”). The proposed Tariffs are seeking approval of a multi-year rate plan which, if approved by the Commission, would increase the Authority’s overall rates by approximately \$146.1 million, \$46.8 million per year in 2024, \$45.4 million in 2025 and an additional \$53.9 million in 2026. On May 11, 2023, the Authority also filed (1) a Petition for Waiver of Statutory Definition of Fully Projected Future Test Year and (2) a Motion for Consolidation of Water, Wastewater and Stormwater Rate Proceedings and for Authorization to Use Combined Water, Wastewater and Stormwater Revenue Requirements.

On May 19, 2023, the OSBA filed a Complaint alleging that PWSA’s proposed rates, rate design, and cost and revenue allocation may be insufficient to justify the rate increase requested and that the Company’s present and proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law, particularly as they pertain to small business customers, in violation of, *inter alia*, Sections 1301 and 1304 of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, and may be contrary to appropriate public policy and sound ratemaking considerations, and may not be supported by the materials filed by PWSA.

The Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance on May 18, 2023.

A formal complaint was filed by the Office of Consumer Advocate (“OCA”) on May 23, 2023.

By Orders entered June 15, 2023, the proposed Tariffs were suspended by operation of law until February 8, 2024. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariffs. The Commission also ordered an investigation into the reasonableness of PWSA's existing rates, rules, and regulations.

Administrative Law Judge ("ALJ") Eranda Vero was assigned to this proceeding. A Prehearing Notice was issued and a Prehearing Conference Order was entered on June 16, 2023, scheduling a telephonic prehearing conference in this matter for June 29, 2023.

### **III. WITNESS**

Assisting in the development and presentation of OSBA's position in this proceeding will be:

Mr. Kevin C. Higgins  
Principal, Energy Strategies  
111 East Broadway, Suite 1200  
Salt Lake City, Utah 84111  
(801) 355-4365  
(801) 521-9142 – Fax  
[khiggins@energystrat.com](mailto:khiggins@energystrat.com)

Brian Kalcic  
Excel Consulting  
7330 Dorset Avenue  
St. Louis, MO 63130  
314-863-3209  
[excel.consulting@sbcglobal.net](mailto:excel.consulting@sbcglobal.net)

The OSBA reserves the right to designate additional witnesses as the case proceeds. The OSBA requests that all parties provide courtesy copies of all documents, including discovery, testimony and briefs, upon Mr. Higgins, and Mr. Kalcic, simultaneously with service upon the OSBA.

#### **IV. IDENTIFICATION OF ISSUES**

The OSBA is participating in this case to ensure that the interests of small business customers of PWSA are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of PWSA and other parties, primarily through discovery, cross-examination of witnesses appearing for those parties, filing of testimony, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of PWSA's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness.

At this time, the OSBA is concentrating on the following issues:

1. Whether PWSA's proposed allocation of its total claimed revenue requirement between water, wastewater and stormwater service is appropriate;
2. Whether the methodology employed in PWSA's water cost-of-service study (WCOSS) is appropriate;
3. Whether the customer class demand factors used in PWSA's WCOSS are reasonable;
4. Whether PWSA's proposed class revenue allocation for water service customers is cost based;
5. Whether the methodology used in PWSA's wastewater cost-of-service study (WWCOSS) is appropriate;
6. Whether PWSA's proposed class revenue allocation for wastewater service customers is cost based;
7. Whether the methodology used in PWSA's stormwater cost-of-service study (SWCOSS) is appropriate;
8. Whether PWSA's proposed class revenue allocation for stormwater service customers is cost based;
9. Whether PWSA's proposed water service rate design is reasonable and appropriate;

10. Whether PWSA's proposed wastewater service rate design is reasonable and appropriate; and
11. Whether PWSA's proposed stormwater service rate design is reasonable and appropriate.

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

#### **V. 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 date<sup>1</sup> as satisfying the in-hand requirement. The OSBA requests that electronic copies be provided to its witnesses 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.

#### **VI. DISCOVERY**

Discovery is ongoing. The OSBA will work with the Presiding Officers and the other parties to develop any mutually acceptable discovery modifications.

#### **VII. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

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

**VIII. PROCEDURAL SCHEDULE**

The OSBA will work with the Presiding Officers and the other parties to develop a mutually acceptable procedural schedule.

Respectfully submitted,

*/s/ Sharon E. Webb*

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Sharon E. Webb  
Attorney ID No. 73995  
Assistant Small Business Advocate

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Dated: June 27, 2023

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
v. : **Docket No. R-2023-3039920 (water)**  
: **Docket No. R-2023-3039921 (wastewater)**  
: **Docket No. R-2023-3039919 (stormwater)**  
**Pittsburgh Water & Sewer Authority** :

**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).

The Honorable Gail Chiodo  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
400 North Street  
Commonwealth Keystone Building  
Harrisburg, PA 17120  
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DATE: June 27, 2023

*/s/ Sharon E. Webb*

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