

COMMONWEALTH OF PENNSYLVANIA



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October 25, 2023

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

Re: Pennsylvania Public Utility
Commission Office of Consumer Advocate,
Office of Small Business Advocate, George
Malloy, Sharon Arneson, Rhonda Jaquay et al
v. Conneaut Lake Park Water Corporation,
Inc.

Docket No. R-2023-3041575
C-2023-3043091
C-2023-3043163
C-2023-3043026
C-2023-3043397
C-2023-3043552

Petition of Conneaut Lake Park Water
Corporation, Inc. for Approval of a Metering
Exception
Docket No. P-2023-3042648

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Rosemary Chiavetta
October 25, 2023
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Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
HBreitman@paoca.org

Enclosures:

cc: The Honorable. Eranda Vero (**email only:** evero@pa.gov)
The Honorable Arlene Ashton (**email only:** aashton@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission : R-2023-3041575
Office of Consumer Advocate : C-2023-3043091
Office of Small Business Advocate : C-2023-3043163
George Malloy : C-2023-3043026
Sharon Arneson : C-2023-3043397
Rhonda Jaquay et al : C-2023-3043552

v.

Conneaut Lake Park Water Corporation, Inc.

Petition of Conneaut Lake Park :
Water Corporation, Inc. for Approval : P-2023-3042648
Of a Metering Exception :

SERVICE BY E-MAIL ONLY

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below. This document was also filed electronically on the Commission's electronic filing system.

Dated this 25th day of October 2023.

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Counsel for Conneaut Lake Objectors

SERVICE BY E-MAIL ONLY (Continued)

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Phone: (717) 783-5048
Dated: October 25, 2023
*4890-5567-1178

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2023-3041575
Office of Consumer Advocate	:	C-2023-3043091
Office of Small Business Advocate	:	C-2023-3043163
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Conneaut Lake Park Water Corporation, Inc.

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Of a Metering Exception	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, and in response to the October 20, 2023 Prehearing Conference Order issued in the above-captioned proceeding, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On August 31, 2023, Conneaut Lake Park Water Corporation, Inc. (CLPWC or Company) filed with the Pennsylvania Public Utility Commission (Commission) a Petition Seeking Approval of a Metering Exception.

On August 31, 2023, Conneaut Lake Park Water Corporation, Inc. also filed proposed Supplement No. 1 to its Water Service Tariff – Pa. P.U.C. No. 1 (Supplement No. 1) requesting to

increase rates by \$257,797, effective October 31, 2023. The Company's proposed increase in rates represents a 970.8% increase in the Company's annual revenues at present rates.

CLPWC provides water service to approximately 165 customers, as of August 31, 2023. Three of the Company's customers are commercial, while the remaining 162 customers are residential. Of the 162 residential customers, CLPWC considers 68 customers to be seasonal – the Company charges seasonal residential customers a lower rate – while it considers the remaining 84 residential customers to be year-round. The Company provides water service to Conneaut Lake Park and the area immediately surrounding the Park in Conneaut Lake, Crawford County, Pennsylvania.

The Company is proposing increasing its flat consumption charge for year-round residential customers from \$14.39 per month to \$122.30 per month, or \$43.18 per quarter to \$366.90 per quarter, an 849.9% increase. The Company is also proposing to increase its flat consumption charge for seasonal residential customers – in order to unify the seasonal and year-round residential customer rates – from \$7.20 per month to \$122.30 per month, or \$21.60 per quarter to \$366.90 per quarter, an increase of approximately 1698.6%.

The OCA filed an Answer to the Company's Petition Seeking Approval of a Metering Exemption on September 14, 2023 seeking consolidation with the Company's rate increase request. Also on September 14, 2023, the OCA filed a Formal Complaint and Public Statement opposing the Company's rate increase request. On September 19, 2023, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of appearance in the base rate case. On September 20, 2023, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance in these matters.

On October 19, 2023, the Commission entered an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rate increases in this tariff filing, and suspended the effective date of Supplement No. 1 until March 31, 2024 by operation of law. The Commission assigned the case to Administrative Law Judges Vero and Ashton. A Prehearing Conference is scheduled for October 26, 2023.

The OCA filed a formal complaint against the proposed rate increase and an answer to the petition to protect the interests of CLPWC's customers and seeks to ensure that CLPWC is permitted to implement only those rates that are fully justified and in accordance with sound ratemaking principles. The OCA will strive to prevent CLPWC from collecting all alleged costs that cannot be justified, or are unreasonable or unduly discriminatory, or otherwise violate the Public Utility Code. The OCA submits that CLPWC's current rates and the rates sought by CLPWC may be unjustifiable and unlawful based upon information filed by CLPWC in support of its claim.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of CLPWC's filing, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the rate increase request. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

A. Accounting and Policy

The OCA will examine the reasonableness and accuracy of CLPWC's calculation pertaining to the water utility plant in service at the time relevant to this proceeding. The OCA will review the reasonableness and accuracy of CLPWC's revenue projections and supporting water consumption assumptions. The OCA will examine the historic levels of O&M expenses and review

the projected adjustments to determine whether the claims are appropriate, reasonable and accurate.

B. Rate of Return

The OCA will examine whether the capital structure claimed by CLPWC is representative of the period in which rates will be in effect and is otherwise appropriate for ratemaking purposes. In addition, the OCA will examine the embedded cost of debt claimed by CLPWC and the cost of common equity claimed by CLPWC. Also, the OCA will carefully examine CLPWC's methodologies and supporting data used to develop its final cost of common equity claim. The OCA will examine whether any adjustments proposed by CLPWC are justified.

C. Rate Design/Cost of Service

The OCA will examine CLPWC's proposed allocation of its revenue requirement among customer classes. The OCA will examine CLPWC's proposed rate design, including its proposed effects on residential customers, both full time and seasonal. The OCA will examine the reasonableness and appropriateness of CLPWC's proposed tariff, as well as other terms and conditions of its tariffs.

D. Quality of Service

The OCA will examine the quality of service provided by CLPWC to assure that CLPWC's customers receive water which is suitable for household purposes, is continuously available and otherwise conforms with applicable standards for safe and adequate water utility service.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. The witnesses will present testimony in written form and will also attach various exhibits, documents and explanatory information that

will assist in the presentation of the OCA's case. The OCA reserves the right to call additional witnesses and will inform the ALJ and the parties if it determines that an additional witness(es) will be necessary. The OCA's witnesses are:

Revenue Requirement and Policy, Rate Design:

Morgan N. DeAngelo
Regulatory Analyst
Office of Consumer Advocate
555 Walnut St., 5th Floor
Harrisburg, PA 17101-1923
Mdeangelo@paoca.org

Quality of Service:

Terry L. Fought
780 Cardinal Drive
Harrisburg, Pennsylvania, 17111
foughtbusiness@gmail.com

IV. EVIDENCE

The OCA will rely on the direct, rebuttal and surrebuttal testimony of its expert witnesses as well as the testimony of the other parties to the proceeding. The OCA will present relevant exhibits to support its own testimony, including but not limited to, materials obtained from CLPWC through discovery and cross-examination. As described above, the OCA's witnesses will present testimony in the following areas: rate design, rate of return, accounting, regulatory policy, and quality of service.

V. PROPOSED SCHEDULE

The OCA will work with the parties to develop a litigation schedule that adheres to the deadlines established by the Presiding Officer and is acceptable to the parties. The OCA suggests that a schedule not be set at this time, if the case is proceeding to mediation. The OCA would suggest a status conference in 45 days to set a schedule for litigation if the mediation does not resolve the issues in whole or in part.

VI. SERVICE ON THE OCA

The OCA respectfully requests that the Presiding Officer permit electronic service without the requirement of a follow-up hard copy. The OCA will be represented in this case by Harrison W. Breitman. Documents should be served on the OCA as follows:

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Assistant Consumer Advocate
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Telephone: (717) 783-5048
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E-mail: hbreitman@paoca.org

As a courtesy, the OCA requests that all electronic correspondence be copied to the OCA's support person, Ryan Marshall (rmarshall@paoca.org).

VII. SETTLEMENT

The OCA is willing to participate in settlement discussions.

VIII. DISCOVERY

The OCA has served discovery on CLPWC. Going forward, the OCA proposes the following modifications to the Commission's discovery regulations:

- A. Answers to interrogatories and responses to requests for document production, entry for inspection, or other purposes be served in-hand within ten (10) calendar days of service of the interrogatories or requests for production.
- B. Objections to interrogatories and/or requests for production be communicated orally to the propounding party within three (3) days of service; unresolved objections be served in writing to the propounding party within five (5) days of service of the interrogatories and/or requests for production.
- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production be filed within three (3) days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production be filed within three (3) days of service of such motions.

E. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.

F. Discovery requests and discovery related pleadings (such as objections, motions, and answers to same) served after 4:30 p.m. Monday through Thursday or after 12:00 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.

The OCA requests that all discovery due dates be “in-hand” and e-mail service on the due date will satisfy the “in-hand” requirement.

VIII. PUBLIC INPUT HEARINGS

The OCA is aware that informal comments/objections have been filed with the PUC. As such, the OCA requests that an in-person afternoon and evening public input hearing be held in the Company’s service territory given the size of the proposed increase and the limited geographical area of the service territory.

Respectfully Submitted,

/s/Harrison W. Breitman
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Dated: October 25, 2023