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December 28, 2023

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-2023-3043189 (Water) and R-2023-3043190 (Wastewater)**

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 proceedings.

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: Christopher P. Pell, Deputy Chief Administrative Law Judge (via e-mail)
John M. Coogan, 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 28th day of December, 2023, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission : R-2023-3043189, *et al.* (Water)
: :
v. : :
: :
Pennsylvania-American Water Company :

Pennsylvania Public Utility Commission : R-2023-3043190, *et al.* (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 November 8, 2023, Pennsylvania-American Water Company (“PAWC”) filed with the Pennsylvania Public Utility Commission (“Commission” or “PUC”) proposed Supplement No. 45 to Tariff Water-Pa. P.U.C. No. 5 (“Water Tariff”) and proposed Supplement No. 47 to Tariff Wastewater-Pa. P.U.C. No. 16 (“Wastewater Tariff”). By these filings, PAWC requested an overall increase in rates of approximately \$203.9 million or 20.2% above the level of *pro forma* revenues for the fully projected future test year ending June 30, 2025.

The Commission issued an Order on December 21, 2023, suspending proposed Supplement Nos. 45 and 47, by operation of law, until August 7, 2024, and instituting an investigation into PAWC’s proposed Supplement Nos. 45 and 47.

On December 13, 2023, 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 January 3, 2024.

II. SERVICE LIST

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

Adeolu A. Bakare (Pa. I.D. No. 208541)
Charis Mincavage (Pa. I.D. No. 82039)
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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 fact that this filing comes less than twelve months following the effective date of the rate increase from the prior filing;
- b) the accuracy and legitimacy of the Cost of Service Study allocation methodology as it is based on an outdated Demand Study;

- c) the proposed distribution/allocation of the increase among customer classes;
- d) rate structure and rate design;
- e) return on equity (ROE); and
- f) the reasonableness of PAWC's proposed Alternative Ratemaking Mechanisms;

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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bsl@jpollockinc.com

If PAWLUG determines that it will present additional witnesses, PAWLUG will inform the Deputy Chief Administrative Law Judge, Christopher P. Pell; Administrative Law Judge, John M. Coogan; 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 engaged in discussions with the other parties regarding scheduling and will cooperate with the parties at the Prehearing Conference and the ALJs to develop an appropriate procedural schedule and to address any proposed discovery rule modifications in accordance with the Commission's regulations and any directives issued.

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: December 28, 2023