



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

January 9, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Community Utilities of Pennsylvania Inc.
Docket Nos. R-2023-3042804 (Water) and R-2023-3042805 (Wastewater)
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Prehearing Memorandum of the Bureau of Investigation and Enforcement (I&E) in the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Scott B. Granger'.

Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 63641
(717) 425-7593
sgranger@pa.gov

SBC/ac
Enclosures

cc: Administrative Law Judge Steven K. Haas (via email – sthaas@pa.gov)
Administrative Law Judge Alphonso Arnold III (via email – alphonarno@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2023-3042804 (Water)
	:	R-2023-3042805 (Wastewater)
Community Utilities of Pennsylvania Inc.	:	
Rate Increase	:	

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

**TO: ADMINISTRATIVE LAW JUDGES STEVEN K. HAAS and ALPHONSO
ARNOLD III:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned consolidated proceedings.

The Bureau of Investigation and Enforcement Prosecutor in these proceedings will be Senior Prosecutor Scott B. Granger. Contact information is as follows:

By mail:	Scott B. Granger, Esq. Pennsylvania Public Utility Commission Bureau of Investigation and Enforcement Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120
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By e-mail:	sgranger@pa.gov
By telephone:	(717) 425-7593
By fax:	(717) 772-2677

I. INTRODUCTION

On November 9, 2023, Community Utilities of Pennsylvania, Inc. (“CUPA”) filed Supplement No. 13 to Tariff Water – Pa. PUC No. 1 (“Supplement 13”) and Supplement No. 11 to Tariff Wastewater – Pa. PUC No. 1 (“Supplement 11”) with the Commission, both to become effective January 9, 2024, for an increase in its water and wastewater rates. CUPA is requesting approval for revenue increases of \$1,470,360 for its water service and \$1,738,944 for its sewer service. CUPA states the additional revenues are designed to produce \$3,830,944 and \$5,159,925 in annual water and sewer revenues.

The average monthly bill for all 5/8-inch residential water customers, except for Tamiment, using 3,452 gallons would be \$101.37, representing an increase of approximately 59% over current bills. For customers in the Tamiment service territory, the average monthly bill for a 5/8-inch residential water customer using 2,270 gallons would be \$74.68, representing an increase of approximately 69%.

The average monthly bill for residential wastewater customers, except for Tamiment, using 3,400 gallons would be \$112.51, representing an increase of approximately 50.5% over current bills. For customers in the Tamiment territory, the average monthly bill for a customer using 2,225 gallons would be \$91.48, representing an increase of approximately 59.79%.

CUPA’s proposed increase is based on a fully projected future test year (“FPFTY”) ending July 31, 2025, a Future Test Year (“FTY”) ending July 31, 2024, and a historic test year (“HTY”) ended July 31, 2023.

I&E filed its Notice of Appearance on November 13, 2023.

The Office of Small Business Advocate (“OSBA”) filed Formal Complaints for both the water and wastewater proceedings on November 29, 2023.

The Office of Consumer Advocate (“OCA”) filed Formal Complaints in both the water and wastewater proceedings on December 8, 2023.

On December 15, 2023, the Commission entered an Order suspending the implementation of both CUPA’s Supplement 13 (water) and Supplement 11 (wastewater) by operation of law until August 9, 2024, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in CUPA’s proposed Supplement 13 and Supplement 11. The Commission also stated the investigation shall include consideration of the lawfulness, justness, and reasonableness of CUPA’s existing rates, rules, and regulations.

The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a recommended decision. A telephonic Prehearing Conference is scheduled for Thursday, January 11, 2024, beginning at 10:00 am before Administrative Law Judges Steven K. Haas and Alphonso Arnold III presiding telephonically.

II. ISSUES

The following list represents I&E’s preliminary determination of the potential issues in these proceedings. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate if any such relevant issues arise. The issues are as follows:

- Salaries & Wages
- Pensions and Benefits Expense

- Rate case Expense
- Cash Working Capital
- Chemicals Expense
- Corporate Allocation Costs
- Insurance Expense
- Purchased Power
- Purchased Water
- Sludge Hauling
- Integration Customer Protection Deferral Mechanism
- COVID-19 Regulatory Asset
- Taxes other than Income
- Uncollectible Expense
- Proxy Group
- Cost of Debt
- Cost of Equity/Return on Equity
- Capital Structure
- Size Adjustment
- Overall Rate of Return
- Test Year
- Plant and Reporting Requirements
- Plant Additions
- Accrued Depreciation
- Deferred Charges
- Annual Depreciation Expense
- Inflow and Infiltration
- Revenue Requirement
- Rate Structure
- Customer Charges
- Usage Rates
- Low Income Rate
- Fire Rate
- Unaccounted for Water
- Lead Service Line Replacement Program
- Scale Back of Rates

III. WITNESSES

It is currently expected that I&E may call the following expert witnesses without being limited thereto:

- Dusyant (D.C.) Patel, Fixed Utility Financial Analyst.

- Zachari Walker, Fixed Utility Financial Analyst.
- Esyan Sakaya, Fixed Utility Valuation Engineer.
- Christine Wilson, Fixed Utility Financial Analyst Supervisor.

The I&E witnesses may be contacted through the information listed above for Prosecutor Granger. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the name of the witnesses listed above.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, supplemental testimony, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports.

V. DISCOVERY

Discovery in these proceedings will be conducted according to 52 Pa. Code §§5.321 et. seq. No modifications to the rules of discovery have been proposed by I&E. I&E will give due consideration to any discovery modifications proposed by any other party. In the past, I&E has accepted the "usual" discovery modifications as proposed by the OCA. Also, pursuant to 52 Pa. Code §§5.322 and 5.331(b), discovery has begun and is ongoing.

VI. SCHEDULE

I&E is working with the parties to develop a schedule in this proceeding. As of this date, it appears that the parties have tentatively agreed to the following:

Filing w/Company Direct	November 9, 2023
Non-Company Direct	February 6, 2024
Rebuttal Testimony	March 5, 2024
Surrebuttal Testimony	March 19, 2024
Written Rejoinder Outlines	March 25, 2024
Hearings ¹	March 28-29 - April 1, 2024
Main Brief	April 15, 2024
Reply Brief	April 26, 2024

VII. PUBLIC INPUT HEARINGS

I&E does not oppose public input hearings. Should public input hearings be requested by any party and deemed necessary, I&E recommends the Commission consider the use of telephonic hearings to encourage increased participation by the ratepayers.

VIII. SERVICE OF DOCUMENTS

The Commission's March 20, 2020, Emergency Order,² which was controlling regarding electronic service of documents, expired on September 30, 2021. In anticipation of the expiration of the March 20 Order, the Commission issued a new Order on September 15,

¹ Upon the rescinding of Governor Tom Wolf's Proclamation of Disaster Emergency; the re-opening of the Keystone Commonwealth Building; and the return to in-person hearings; I&E requests that Hearings be held in Harrisburg, PA.

² Docket No. M-2020-3019262, *Re: Suspension of Regulatory and Statutory Deadlines, Modification to Filing and Service Requirements* ("March 20 Order").

2021, regarding the regulations controlling service requirements.³ Pursuant to the September 15 Order, the Commission recognized, for purposes of satisfying service of documents requirements:

... that some of the measures we implemented significantly benefitted the operational needs of the Commission, the public and the regulated community. Specifically, the electronic service requirements we adopted were essential to ensuring continued, uninterrupted operations, providing needed flexibility. Therefore, in order to maintain that flexibility to respond to operational demands, we will waive certain regulatory service provisions, consistent with our previous actions.⁴

Further, the Commission stated:

... some of the operational restraints occasioned by the pandemic remain. ... Toward this end, we will continue to permit electronic service *by* the Commission on all parties, regardless of whether a particular party has agreed to electronic service. ... Additionally, service *on* Commission staff in proceedings pending before it, whether staff is a party or otherwise, shall be exclusively electronic unless the parties agree otherwise.⁵

Therefore, for purposes of satisfying in-hand service requirements for discovery responses, prepared testimony, briefs and other documents; while operational restraints continue during this proceeding, and consistent with the Commission's September 15 Order, I&E requests that electronic delivery of documents continue to satisfy the service requirements.

IX. SETTLEMENT

I&E will maintain an open dialogue and is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail

³ Docket No. M-2021-3028321, *Re: Waiver of Regulations Regarding Service Requirements* ("September 15 Order").

⁴ September 15 Order, p. 3.

⁵ *Id.*, p. 6.

to result in a full and complete resolution of the matter, I&E is prepared to fully litigate this proceeding.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Scott B. Granger".

Scott B. Granger
Prosecutor
PA Attorney ID No. 63641

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120
(717) 425-7593

Dated: January 9, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket Nos. R-2023-3042804 (Water)
 : R-2023-3042805 (Wastewater)
 Community Utilities of Pennsylvania Inc. :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated January 9, 2024, in the manner and upon the persons listed below:

Served via Electronic Mail Only

Whitney E. Snyder, Esq.
Thomas J. Sniscak, Esq.
Phillip D. Demanchick, Jr., Esq.
Hawke McKeon & Sniscak LLP
100 N. Tenth Street
Harrisburg, PA 17101
wesnyder@hmslegal.com
tjsniscak@hmslegal.com
pddemanchick@hmslegal.com
Counsel for CUPA

Harrison W. Breitman, Esq.
Erin L. Gannon, Esq.
Jacob D. Guthrie, Esq.
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
OCACUPA2023@paoca.org

Sharon E. Webb, Esq.
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923
swebb@pa.gov



Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 63641
(717) 425-7593
sgranger@pa.gov