



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

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

March 26, 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.  
Veolia Water Pennsylvania, Inc.  
Docket Nos. R-2024-3045192 (Water) and R-2024-3045193 (Wastewater)  
**I&E Prehearing Memorandum**

Dear Secretary Chiavetta:

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

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

Sincerely,

A handwritten signature in grey ink that reads 'Michael Podskoch'.

Michael A. Podskoch, Jr.  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 330132  
(717) 783-6151  
[mpodskoch@pa.gov](mailto:mpodskoch@pa.gov)

MAP/ac  
Enclosures

cc: Administrative Law Judge Emily I. DeVoe (*via email*)  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
v. : Docket Nos. R-2024-3045192 (Water)  
Veolia Water Pennsylvania, Inc. : R-2024-3045193 (Wastewater)

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

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**TO ADMINISTRATIVE LAW JUDGE EMILY DEVOE:**

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 proceeding.

The Bureau of Investigation and Enforcement Prosecutor in this proceeding will be Michael A. Podskoch, Jr. Contact information is as follows:

By mail: Michael A. Podskoch, Jr.  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

By e-mail: [mpodskoch@pa.gov](mailto:mpodskoch@pa.gov)

By telephone: (717) 783-6151

## **I. INTRODUCTION**

On February 16, 2024, Veolia Water Pennsylvania, Inc. – Water and Wastewater Divisions (“Veolia” or “Company”) filed proposed Supplement No. 68 to Tariff Water – Pa. P.U.C. No. 7 (“Supplement No. 68”) and proposed Supplement No. 5 to Tariff Wastewater – Pa. P.U.C. No. 2 (“Supplement No. 5”). Supplement No. 68 contained changes in water rates, rules, and regulations with a proposed revenue increase of \$15.4 million, or 26%, including DSIC revenues, and Supplement No. 5 contained changes in wastewater rates, rules, and regulations with a proposed revenue increase of \$568,719, or 35%. Each tariff supplement proposed an effective date of April 16, 2024.

On February 16, 2024, the Office of Consumer Advocate (“OCA”) filed a Formal Complaint and Public Statement. On February 20, 2024, I&E filed its Notice of Appearance. On February 26, 2024, the Office of Small Business Advocate (“OSBA”) filed a Formal Complaint and Public Statement. Additionally, various individuals have filed oppositions to Veolia’s proposed rate increase.

On March 14, 2024, the Commission entered Orders pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates until November 16, 2024, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. 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.

Pursuant to the Prehearing Conference Order issued on March 20, 2024, a telephonic Prehearing Conference is scheduled on March 27, 2024 at 10:00 a.m. before Administrative Law Judge Emily DeVoe (“ALJ”).

## **II. ISSUES**

The following list represents I&E’s preliminary determination of the potential issues in this proceeding:

1. Labor and Employee Benefits Expense
2. Purchased Water
3. Purchased Power
4. Chemicals
5. Materials and Supplies
6. Management and Service Fees
7. Lab Testing Fees
8. Outside Contractors
9. Outside Professional Services
10. Equipment Rental
11. Transportation Expense
12. Advertising Expense
13. Rate Case Expense
14. Regulatory Commission Expense
15. Amortization of Tax Reform Liability
16. Bad Debt Expense
17. Office Expense and Utilities
18. Postage and Air Freight Expense
19. Other O&M Expense
20. Customer Assistance Program Expense and Tracker
21. Taxes other than Income
22. Proxy Group
23. Cost of Debt
24. Capital Structure
25. Cost of Equity Analysis (including the methods applied)
26. Market/Book (M/B) Ratio
27. Small Size Adjustment
28. Overall Rate of Return
29. Business and Financial Risk Assessments
30. Test Year
31. Plant and Reporting Requirements

32. Plant Additions
33. Acquisition Adjustments
34. Accrued Depreciation
35. Annual Depreciation Expense
36. Rate Structure
37. Customer Charges
38. Scale Back of Rates
39. Present and Proposed Revenue

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.

### **III. WITNESSES**

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

1. Vanessa Okum, Fixed Utility Financial Analyst (Issues 1-21)
2. DC Patel, Fixed Utility Financial Analyst (Issues 22-29)
3. Esysan Sakaya, Fixed Utility Valuation Engineer (Issues 30-39)

The I&E witnesses may be contacted through the information listed above for Mr. Podskoch. The witness list is provided without the benefit of complete discovery or analysis of the positions of the 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 hearings. 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. However, there may be issues of law or Commission policy that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony. I&E thereby reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

## **V. DISCOVERY**

I&E will work with the parties to determine the appropriate discovery modifications in this proceeding. I&E supports the following discovery modifications as proposed by Veolia as reasonable:

- a. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
- b. Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories; unresolved objections shall be served to the ALJ in writing within five (5) days of service of the interrogatories.
- c. Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of the written objections.
- d. Answers to motions to dismiss objections and/or answering of interrogatories shall be filed within three (3) calendar days of service of such motions.
- e. Rulings on such motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion.
- f. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.

- g. Answers to on-the-record data requests shall be served in-hand within seven (7) calendar days of the requests.
- h. Any discovery served after 12:00 noon on a Friday or the day before a holiday will be deemed to have been served on the following business day for purposes of tracking due dates.
- i. All discovery due dates shall be “in-hand” and electronic or fax service on the due date will satisfy the “in-hand” requirement, where such service is immediately followed by a hard copy sent by first-class mail.

**VI. SCHEDULE**

As of this date, the parties have agreed to the following proposed schedule:

Non-Company Direct Testimony	May 17, 2024
Rebuttal Testimony	June 7, 2024
Surrebuttal Testimony	June 21, 2024
Rejoinder Outlines	June 25, 2024
Hearings	June 26-28, 2024
Main Briefs	July 19, 2024
Reply Briefs	August 2, 2024

I&E proposes the use of telephonic hearings in this proceeding. However, to the extent that evidentiary hearings will be convened in person, I&E requests that those hearings be held in Harrisburg in order to save the Commission the expense of sending the I&E prosecutor, witnesses, and technical supervisors to out-of-town hearings.

**VII. PUBLIC INPUT HEARINGS**

To the extent that public input hearings be deemed necessary, I&E proposes the use of telephonic hearings to encourage increased participation by the ratepayers.

**VIII. SERVICE OF DOCUMENTS**

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony, briefs, and other documents during this proceeding, and consistent with

Commission regulations and policy, I&E proposes to both only serve and accept electronic delivery of documents.

## **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 that settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,



Michael A. Podskoch, Jr.  
Prosecutor  
PA Attorney ID No. 330132

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Dated: March 26, 2024



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket Nos. R-2024-3045192 (Water)  
 : R-2024-3045193 (Wastewater)  
 Veolia Water Pennsylvania, Inc. :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated March 26, 2024, in the manner and upon the persons listed below.

**Served via Electronic Mail Only**

David P. Zambito, Esq.  
Jonathan P. Nase, Esq.  
Cozen O'Connor  
17 North Second Street, Suite 1401  
Harrisburg, PA 17101  
[dzambito@cozen.com](mailto:dzambito@cozen.com)  
[jnase@cozen.com](mailto:jnase@cozen.com)  
*Counsel for VWPA*

Sharon E. Webb, Esq.  
Rebecca Lyttle, Esq.  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
[swebb@pa.gov](mailto:swebb@pa.gov)  
[relyttle@pa.gov](mailto:relyttle@pa.gov)

Christy M. Appleby, Esq.  
Barrett C. Sheridan, Esq.  
Darryl A. Lawrence, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
[OCAVeolia2024@paoca.org](mailto:OCAVeolia2024@paoca.org)

John W. Sweet, Esq.  
Lauren N. Berman, Esq.  
Ria M. Pereira, Esq.  
Elizabeth R. Marx, Esq.  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101  
[pulp@pautilitylawproject.org](mailto:pulp@pautilitylawproject.org)  
*Counsel for CAUSE-PA*



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Michael A. Podskoch, Jr.  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 330132  
(717) 783-6151  
[mpodskoch@pa.gov](mailto:mpodskoch@pa.gov)