



COMMONWEALTH OF PENNSYLVANIA

April 25, 2024

E-FILED

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), R-2023-3042805 (Wastewater)**

Dear Secretary Chiavetta:

Pursuant to the Order Granting Joint Stipulation and Admitting Evidence, dated April 2, 2024, and the Revised Order Granting Joint Stipulation and Admitting Evidence, dated April 18, 2024, issued in the above-referenced cases, the Office of Small Business Advocate (“OSBA”), is hereby filing its admitted PUBLIC VERSIONS of preserved testimony and exhibits.

Enclosed for filing is the PUBLIC VERSIONS of the OSBA’s admitted preserved testimony and exhibits:

- Direct Testimony OSBA Statement No. 1 - Direct Testimony Justin Bieber, including Exhibit Schedules JB-1 to JB-7 (Public), and a Verification.
- Rebuttal Testimony A. OSBA Statement No. 1-R – Rebuttal Testimony of Justin Bieber, including a Verification.
- Surrebuttal Testimony OSBA Statement No. 1-R – Surrebuttal Testimony of Justin Bieber, including Exhibit JB-08 and a Verification.

Please note that Exhibit Schedules JB-1 through JB-7; JB-08 are available in excel format only; therefore, have been uploaded to the PA PUC Share Point system, simultaneous to service hereof. All known parties were previously served with the aforementioned testimony and exhibits. If you have any questions, please contact me.

Sincerely,

/s/ Sharon E. Webb

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

Enclosures

cc: Brian Kalcic
Parties of Record (Cover Letter and Certificate of Service Only)



COMMONWEALTH OF PENNSYLVANIA

February 6, 2024

The Honorable Alphonso Arnold III
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

The Honorable Steven Haas
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

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

Dear Presiding Judges:

Enclosed please find the **Public Version** of Direct Testimony of Justin Bieber labeled OSBA Statement No. 1 with associated Exhibits JB-1 through JB-7 on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

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: PA PUC Secretary Rosemary Chiavetta (Cover Letter & Certificate of Service only)
Justin Bieber
Kevin Higgins
Parties of Record

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

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

Direct Testimony of Justin Bieber

On Behalf of the

Pennsylvania Office of Small Business Advocate

*******PUBLIC VERSION*******

February 6, 2024

Topics:

Revenue Requirement

Cost Allocation

Rate Design

Date Served: February 6, 2024

Date Submitted for the Record: _____

1 **DIRECT TESTIMONY OF JUSTIN BIEBER**

2

3 **INTRODUCTION**

4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Justin Bieber. My business address is 111 East Broadway, Suite 1200,
6 Salt Lake City, Utah, 84111.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a
9 private consulting firm specializing in economic and policy analysis applicable to
10 energy production, transportation, and consumption.

11 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

12 A. My testimony is being sponsored by the Pennsylvania Office of Small Business
13 Advocate (“OSBA”).

14 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND**
15 **QUALIFICATIONS.**

16 A. My academic background is in business and engineering. I earned a Bachelor of
17 Science in Mechanical Engineering from Duke University in 2006 and a Master of
18 Business Administration from the University of Southern California in 2012. I am
19 also a registered Professional Civil Engineer in the state of California.

20 I joined Energy Strategies in 2017, where I provide regulatory and technical
21 support on a variety of energy issues, including regulatory services, transmission
22 and renewable development, and financial and economic analyses. I have also filed

1 and supported the development of testimony before various state utility regulatory
2 commissions.

3 Prior to joining Energy Strategies, I held positions at Pacific Gas and
4 Electric Company as Manager of Transmission Project Development, ISO
5 Relations and FERC Policy Principal, and Supervisor of Electric Generator
6 Interconnections. During my career at Pacific Gas and Electric Company, I
7 supported multiple facets of utility operations, and led efforts in policy, regulatory,
8 and strategic initiatives, including supporting the development of testimony before
9 and submittal of comments to the FERC, California ISO, and the California Public
10 Utilities Commission. Prior to my work at Pacific Gas & Electric, I was a project
11 manager and engineer for heavy construction bridge and highway projects. My
12 qualifications are attached in the Appendix to this testimony.

13 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

14 A. No, this is my first opportunity to testify before this Commission.

15 **Q. HAVE YOU TESTIFIED BEFORE UTILITY REGULATORY**
16 **COMMISSIONS IN OTHER STATES?**

17 A. Yes. I have testified before state utility commissions in Colorado, Indiana,
18 Kentucky, Michigan, Montana, Nevada, New Mexico, North Carolina, Ohio,
19 Oregon, Texas, Utah, Virginia, Washington, and Wisconsin

20 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
21 **PROCEEDING?**

22 A. My testimony responds to the general rate case filed by Community Utilities of
23 Pennsylvania Inc. (“CUPA” or the “Company”) on the topics of revenue

1 requirement, cost allocation, and rate design. The absence of comment on my part
2 regarding a particular issue or revenue requirement item does not signify support
3 for (or opposition to) the Company's filing with respect to that issue.

4 **Q. WHAT CONCLUSIONS AND RECOMMENDATIONS DO YOU OFFER IN**
5 **YOUR TESTIMONY?**

6 A. I offer the following primary conclusions and recommendations:

- 7 1) I recommend that CUPA's revenue requirement be reduced by \$389,664
8 relative to the \$3.2 million rate increase proposed by the Company. My
9 recommended adjustments are itemized in Table JB-1 presented later in my
10 testimony. My recommended reduction does not take into account or
11 incorporate any other adjustments that may be offered by other parties that are
12 not addressed in my testimony.
- 13 2) I recommend that the Commission reject CUPA's proposal to decrease the
14 Historical Test Year ("HTY") consumption volumes in the Future Test Year
15 ("FTY") and Fully Projected Future Test Year ("FPFTY") by 4.38% year over
16 year. Instead, the Commission should approve the same FPFTY consumption
17 levels as the HTY. CUPA's proposal would result in significantly lower
18 consumption billing determinants utilized to design the volume charges for
19 CUPA's proposed water and wastewater rates. Since revenue recovery is the
20 product of the consumption billing determinants and the proposed rates, a lower
21 level of consumption billing determinants requires a higher rate to recover the
22 same target revenue requirement. CUPA's proposal would understate the
23 expected consumption in the FPFTY resulting in overstated rates. To the extent

1 that the Commission approves my recommendation, the water and wastewater
2 volume charges should be adjusted to recover the target revenue requirement
3 based on the approved FPFTY Consumption billing determinants.

4 3) CUPA's current commercial water volume charges are approximately 5.1%
5 lower than the residential volume charges.¹ Since CUPA's proposed
6 consolidated cost of service ("CCOS") does not separately allocate costs to
7 residential and commercial customers, I recommend that the commercial
8 volume charges continue to be discounted by 5.1% relative to residential
9 volume charges. This would reflect the same rate differential that was approved
10 by the Commission in CUPA's prior general rate case and would properly
11 recognize the fact that higher volume customers generally utilize the water
12 system infrastructure more efficiently. It would also mitigate the
13 disproportionate bill impacts that would otherwise be experienced by
14 commercial water customers.

¹ The current Consolidated Services commercial volume charge is 4.7% ($(\$12.876 \div \$13.514) - 1 = 4.7\%$) less than the residential volume charge. And the Tamiment Consolidated Services commercial volume charge is 5.6% ($(\$10.815 \div \$11.452) - 1 = 5.6\%$) less than the residential volume charge. The average difference between the current residential and commercial volume charges between the two service territories is 5.1%.

1 **PROPOSED REVENUE INCREASE**

2 **Q. PLEASE SUMMARIZE THE REVENUE REQUIREMENT INCREASE**
3 **REQUESTED BY CUPA IN THIS CASE.**

4 A. CUPA proposes to increase its water and wastewater revenues by \$1,470,360 and
5 \$1,738,944 for its water and sewer service, respectively.² CUPA’s proposed
6 increase is based on a FPFTY ending July 31, 2025.³

7 **Q. DO YOU HAVE ANY RECOMMENDED ADJUSTMENTS TO CUPA’S**
8 **REVENUE REQUIREMENT?**

9 A. Yes. I am recommending an overall reduction of \$389,664 to the total revenue
10 requirement increase requested by CUPA. As explained in greater detail later in
11 my testimony, this reduction includes a “proxy” return on equity (“ROE”) of
12 9.65%, based on the Return on Equity (“ROE”) authorized by the Commission for
13 the Distribution System Improvement Charge (“DSIC”) for most water utilities in
14 the state as a proxy in my revenue requirement calculation.⁴

15 The impacts resulting from my recommended adjustments are summarized
16 in Table JB-1, below, and are also provided in Schedule JB-1, page 1.

² CUPA Schedule B, Statement of Net Operating Income,

³ Direct Testimony of Nathaniel Spriggs (CUPA Statement No. 1), p. 10.

⁴ Docket Number: M-2023-3044811, Report on the Quarterly Earnings of Jurisdictional Utilities for the Year Ended September 30, 2023, Public Meeting Held January 18, 2024, p. 15, Attachment D.

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Table JB-1
Summary of OSBA Adjustments to CUPA Revenue Requirement

	Total Company	
	Adjustment Impact	Increase
CUPA As-Filed Revenue Req. Increase		\$3,169,707
OSBA Recommended Adjustments		
Employee Incentive Plan Adjustment	(\$11,296)	\$3,158,411
Proxy Return on Equity Adjustment	(\$211,896)	\$2,946,515
Annual Consumption Adjustment*	(\$166,472)	\$2,780,043
Total OSBA Adjustments	(\$389,664)	

Employee Incentive Plan Expense

Q. DOES THE COMPANY OFFER PERFORMANCE-BASED COMPENSATION TO ITS EMPLOYEES?

A. Yes. According to the***BEGIN CONFIDENTIAL*** [REDACTED] ***END

CONFIDENTIAL*** (“EIP”), eligible employees have the opportunity to receive an annual payment award based on***BEGIN CONFIDENTIAL*** [REDACTED] .⁵ ***END CONFIDENTIAL***

Q. PLEASE EXPLAIN HOW THE EIP AWARDS ARE DETERMINED?

A. The EIP award payout is determined by a combination of ***BEGIN CONFIDENTIAL*** [REDACTED]
[REDACTED]
[REDACTED]

⁵ Exhibit D III-22 Confidential, ***BEGIN CONFIDENTIAL*** [REDACTED], p. 3. ***END CONFIDENTIAL***

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]⁶ ***END CONFIDENTIAL***

Q. PLEASE EXPLAIN THE*BEGIN CONFIDENTIAL*** [REDACTED]
[REDACTED] ***END CONFIDENTIAL***COMPONENT OF THE
EIP.**

A. *BEGIN CONFIDENTIAL*** [REDACTED]**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] ***END CONFIDENTIAL***

**Q. IN YOUR OPINION, IS IT APPROPRIATE TO RECOVER THE COST OF
EMPLOYEE INCENTIVE PROGRAMS IN UTILITY RATES?**

A. It can be appropriate to recover the cost of annual performance programs in utility rates to the extent that the compensation in such plans is not excessive and to the extent the goals of such plans are not tied to utility financial performance, but rather to goals such as customer satisfaction, operating efficiency, environment and safety. While rewarding employees for financial performance can be entirely appropriate, the responsibility for funding such awards rests most appropriately

⁶ *Id.* p. 10.

⁷ *Id.* pp. 5-6.

⁸***BEGIN CONFIDENTIAL*** [REDACTED]
[REDACTED] ***END CONFIDENTIAL***

1 with shareholders, who are the primary beneficiaries of meeting or exceeding
2 financial targets.

3 **Q. WHAT DO YOU RECOMMEND REGARDING THE EIP?**

4 A. Given that***BEGIN CONFIDENTIAL*** [REDACTED] are responsible for
5 between [REDACTED] ***END CONFIDENTIAL***of the awarded EIP, I
6 recommend that 40% of the EIP expense be removed from the revenue requirement.

7 **Q. WHAT IS THE REVENUE REQUIREMENT IMPACT OF YOUR
8 ADJUSTMENT?**

9 A. This adjustment is presented in Schedule JB-2. This adjustment decreases the
10 FPPTY revenue requirement by approximately \$11,296 in total, comprised of
11 decreases of \$5,136 for Water, \$6,160 for sewer. These impacts include the
12 estimated reduction to payroll tax as a result of removing 40% of EIP expense from
13 the revenue requirement.

14

15 **Proxy Return on Equity Adjustment**

16 **Q. WHAT RETURN ON EQUITY IS CUPA REQUESTING IN THIS
17 PROCEEDING?**

18 A. CUPA witness Matthew R. Howard recommends an ROE of 10.60%.¹²

19 **Q. HAVE YOU CONDUCTED AN ORIGINAL ANALYSIS OF THE
20 APPROPRIATE ROE FOR CUPA?**

10***BEGIN CONFIDENTIAL*** [REDACTED]

11 [REDACTED]***END CONFIDENTIAL***

¹² Direct Testimony of Matthew R. Howard (CUPA Statement No. 8), p. 3.

1 A. No. Rather, I am utilizing the 9.65% ROE authorized by the Commission for the
2 DSIC for most water utilities in the state as a proxy in my revenue requirement
3 calculation.¹³ The use of this proxy ROE is not intended to supplant the
4 Commission’s consideration of traditional cost of capital analyses that may be
5 offered by the Office of Consumer Advocate (“OCA”) and perhaps other parties in
6 this proceeding. Based on my experience in other proceedings, I would not be
7 surprised if other parties present credible analyses indicating that CUPA’s ROE
8 should be set lower than 9.65%.

9 **Q. WHAT IS THE REVENUE REQUIREMENT IMPACT OF**
10 **CALCULATING CUPA’S REVENUE REQUIRMENT USING A 9.65%**
11 **ROE?**

12 A. This adjustment decreases the FPFTY revenue requirement by approximately
13 **\$211,896** in total, comprised of decreases of **\$97,980** for Water and **\$113,916** for
14 sewer.

15
16 **Fully Projected Future Test Year Consumption**

17 **Q. PLEASE EXPLAIN CUPA’S PROPOSED ANNUAL CONSUMPTION**
18 **ADJUSTMENT?**

19 A. CUPA witness Anthony Gray explains that CUPA has proposed a year over year
20 consumption decline of 4.38%.¹⁴ Accordingly, the proposed Future Test Year
21 (“FTY”) consumption levels are 4.38% less than the Historic Test Year (“HTY”)

¹³ Docket Number: M-2023-3044811, Report on the Quarterly Earnings of Jurisdictional Utilities for the Year Ended September 30, 2023, Public Meeting Held January 18, 2024, p. 15, Attachment D.

¹⁴ Direct Testimony of Anthony Gray (CUPA Statement No. 2), p. 12.

1 consumption levels. And the proposed FPFTY consumption levels are 4.38% less
2 than the FTY consumption levels, or about 8.57%¹⁵ less than HTY consumption
3 levels.

4 **Q. WHAT EXPLANATION DOES CUPA PROVIDE TO SUPPORT THIS**
5 **PROPOSED ADJUSTMENT?**

6 A. Mr. Gray explains that the adjustment was developed based on data for the 4-year
7 period of August 1, 2019, through July 31, 2023. According to Mr. Gray, this
8 period was used because it reflects the most recent data set that includes
9 consumption from the Tamiment system that was acquired in August 2019. Mr.
10 Gray also explains that CUPA, like most utilities with a predominately residential
11 customer base, saw an increase in usage levels for the period from March of 2020
12 through the end of 2022 due to more people being in their homes for longer periods
13 of time during the COVID-19 pandemic. And as a result of return to normal
14 policies, CUPA has seen a decline in customers usage levels when comparing its
15 HTY to the preceding periods.¹⁶

16 **Q. CAN YOU PROVIDE ADDITIONAL DETAIL REGARDING CUPA'S**
17 **CALCULATIONS TO DERIVE THE PROPOSED 4.38% ANNUAL**
18 **CONSUMPTION ADJUSTMENT?**

19 A. CUPA's Supplement to Schedule B-1 Consumption Analysis compares the HTY
20 consumption levels to three different benchmarks. First, it compares the HTY
21 consumption to the average *annual* consumption from August 1, 2019, through July
22 31, 2023, which represents a decrease of 4.65%. Next, it compares the HTY

¹⁵ $100\% - (100\% - 4.38\%)^2 = 8.57\%$.

¹⁶ *Id.* p. 12.

1 consumption to the average *annual* consumption from August 1, 2020, through July
 2 31, 2023, which represents a decrease of 5.04%. And third, it compares the HTY
 3 consumption to the *annual* consumption from August 1, 2019, through July 31,
 4 2020, which represents a decrease of 3.45%. CUPA’s proposed 4.38% *annual*
 5 adjustment is the simple arithmetic average of these three values. Table JB-2 below
 6 summarizes CUPA’s consumption analysis.

7 **Table JB-2**
 8 **CUPA Consumption Analysis¹⁷**

	Consumption	Difference Relative to HTY	Decline
HTY	229,168,297		
Aug. 1, 2019 through Jul. 31, 2023 Avg.	240,343,312	-11,175,015	-4.65%
Aug. 1, 2020 through Jul. 31, 2023 Avg.	241,337,825	-12,169,528	-5.04%
Aug. 1, 2019 through Jul. 31, 2020	237,359,774	-8,191,477	-3.45%
		Simple Average	-4.38%

9
 10 **Q. DO YOU HAVE CONCERNS WITH CUPA’S PROPOSAL?**

11 A. Yes. As Mr. Gray explains, CUPA saw an increase in usage levels between March
 12 2020 through the end of 2022 due to more people being in their homes *during the*
 13 *COVID-19 pandemic*. And all of the periods that CUPA compares to the HTY in
 14 its consumption analysis reflect increased usage that occurred during the COVID-
 15 19 pandemic. While CUPA’s analysis indicates that consumption levels decreased
 16 in the HTY relative to historical consumption levels that occurred during the
 17 pandemic, it is not reasonable to assume that consumption will continue decline at
 18 a similar rate for two more years between the HTY and the FPFTY. Therefore, I
 19 recommend that the Commission reject CUPA’s proposal to decrease the FPFTY
 20 consumption levels by 4.38% per year, or 8.57% over a two-year time period,

¹⁷ CUPA Supplement to Schedule B-1 (Bill Analysis), Consumption Analysis.

1 between the FPFTY and the HTY. Instead, the Commission should approve the
2 HTY consumption levels for the FPFTY without the proposed adjustment.

3 **Q. WHAT IS THE REVENUE REQUIREMENT IMPACT OF YOUR**
4 **RECOMMENDATION?**

5 A. This adjustment is presented in Schedule JB-3. This adjustment increases the
6 FPFTY consumption for water and sewer to HTY levels, which in turn increases
7 CUPA's current revenues by \$166,472 in total. Since this adjustment increases the
8 current revenues, it results in a commensurate reduction to the required rate
9 increase, but it does not impact the proposed revenue requirement.

10 **Q. YOU EXPLAIN ABOVE THAT YOUR RECOMMENDATION WOULD**
11 **INCREASE THE FPFTY CONSUMPTION FOR WATER AND SEWER.**
12 **ARE THERE ANY CORRESPONDING ADJUSTMENTS TO THE WATER**
13 **AND SEWER RATES THAT ARE REQUIRED REFLECT YOUR**
14 **PROPOSED ADJUSTMENT?**

15 A. Yes. CUPA's proposed volume charges for water and sewer are designed to
16 recover the target revenue requirement based on CUPA's adjusted consumption
17 levels. Since revenue recovery is the product of the consumption billing
18 determinants and the proposed rates, a lower level of consumption billing
19 determinants requires a higher rate to recover the same target revenue requirement.
20 Conversely, a higher level of consumption billing determinants requires a lower
21 rate to recover the same target revenue requirement. I have calculated water and
22 sewer volume charges that would recover CUPA's proposed revenue requirement
23 based on my recommended adjustment to the FPFTY consumption. These charges

1 are summarized in Table JB-3 and Table JB-4 below, for water and sewer
 2 respectively, in comparison to CUPA’s proposed volume charges. The revenue
 3 verification for these charges is provided in Schedule JB-4 and Schedule JB-5,
 4 respectively.

5 **Table JB-3**
 6 **Volume Charges for Water**
 7 **At CUPA and OSBA Recommended Consumption Levels**
 8 **At CUPA Recommended Revenue Requirement**

	CUPA Proposed			OSBA Proposed		
	Consumption (1,000's Gallons)	Volume Charge	Revenue at Proposed Rates	Consumption (1,000's Gallons)	Volume Charge	Revenue at Proposed Rates
Water						
All Other Flow	110,046	\$22.59	\$2,485,939	120,359	\$20.65	\$2,485,403
Low-Income Flow	16,144	\$14.68	\$236,992	17,657	\$13.42	\$236,953
	126,190		\$2,722,932	138,015		\$2,722,357

10 **Table JB-4**
 11 **Volume Charges for Sewer**
 12 **At CUPA and OSBA Recommended Consumption Levels**
 13 **At CUPA Recommended Revenue Requirement**

	CUPA Proposed			OSBA Proposed		
	Consumption (1,000's Gallons)	Volume Charge	Revenue at Proposed Rates	Consumption (1,000's Gallons)	Volume Charge	Revenue at Proposed Rates
Sewer						
All Other Flow	141,983	\$17.90	\$2,541,501	155,289	\$16.28	\$2,528,099
Low-Income Flow	16,144	\$11.60	\$187,269	17,657	\$10.55	\$186,360
	158,127		\$2,728,770	172,945		\$2,714,459

15 **Q. PLEASE EXPLAIN WHY THE TOTAL VOLUME REVENUES DO NOT**
 16 **MATCH EXACTLY BETWEEN THE CUPA AND OSBA PROPOSED**
 17 **RATES AND BILLING DETERMINANTS?**

18 A. There are two reasons why there is a small difference between the CUPA and
 19 OSBA revenues at proposed rates and billing determinants. First, the volume rates
 20 are rounded to the nearest cent, so there will always be a small difference due to

1 rounding. Additionally, CUPA’s proposed sewer rates would over recover CUPA’s
2 proposed revenue requirement by \$15,520. Therefore, I am also recommending a
3 small reduction to the sewer volume charges to reduce the difference between the
4 proposed revenue requirement and expected revenue to \$761.

5

6 **WATER CONSOLIDATED COST OF SERVICE AND RATE DESIGN**

7 **Q. PLEASE SUMMARIZE CUPA’S CCOS AND RATE DESIGN FOR THE**
8 **CONSOLIDATED WATER TERRITORIES.**

9 A. CUPA witness Scott Miller explains that the revenue requirements are first
10 allocated to the functional cost categories. Then those costs are assigned to
11 customer classifications based on the class responsibility. The allocated cost of
12 service is then used as a basis for developing the proposed rates and charges.¹⁸

13 **Q. HOW MANY CUSTOMER CLASSES ARE UTILIZED IN THE WATER**
14 **CCOS?**

15 A. CUPA only utilizes one customer class in its proposed CCOS.¹⁹

16 **Q. DOES CUPA PROPOSE TO CONSOLIDATE WATER RATES FOR ITS**
17 **SERVICE TERRITORIES IN PENNSYLVANIA, INCLUDING THE**
18 **ADDITION OF TAMIMENT?**

19 A. Yes. In CUPA’s 2021 general rate case the Commission approved a stipulation that
20 among other things included a partial consolidation of Tamiment rates, with full

¹⁸ Direct Testimony of Scott A. Miller (CUPA Statement No. 7), p. 9.

¹⁹ *Id.* p. 11.

1 consolidation to be proposed in the next rate case.²⁰ In this case, CUPA has
2 proposed fully consolidated rates among its water territories.

3 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN CUPA’S PROPOSAL**
4 **TO CONSOLIDATE WATER TERRITORIES AND ITS PROPOSAL TO**
5 **ALLOCATE COSTS TO A SINGLE CUSTOMER CLASS WITHIN THE**
6 **CCOS?**

7 A. CUPA’s proposal to *consolidate rates between water territories* means that there
8 will be a single set of rates for all customers regardless of which water territory they
9 are located in. In contrast, CUPA’s proposal to *allocate costs to a single customer*
10 *class* within the CCOS means that the cost of service does not distinguish between
11 different classes of customers, such as residential and commercial.

12 **Q. DO CUPA’S CURRENT WATER TARIFFS PROVIDE DIFFERENT**
13 **RATES FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS?**

14 A. Yes. CUPA’s current water rates utilize a different volume charge for residential
15 and commercial customers. As I explain above, CUPA’s current commercial water
16 volume charges are approximately 5.1% lower than the residential volume
17 charges.²¹ Table JB-5 below summarizes the current water volume charges which
18 demonstrates this difference.

²⁰ Direct Testimony of Nathaniel Spriggs (CUPA Statement No. 1), p. 7.

²¹ The current Consolidated Services commercial volume charge is 4.7% ($(\$12.876 \div \$13.514) - 1 = 4.7\%$) less than the residential volume charge. And the Tamiment Consolidated Services commercial volume charge is 5.6% ($(\$10.815 \div \$11.452) - 1 = 5.6\%$) less than the residential volume charge. The average difference between the current residential and commercial volume charges between the two service territories is 5.1%.

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**Table JB-5
CUPA Current Volume Charges for Water**

Consolidated Service	Current Rate
Residential	\$13.514
Commercial	\$12.876
Pool	\$12.876
Low-Income	\$8.784
Tammiment	
Residential	\$11.452
Commercial	\$10.815
Low-Income	\$7.444

Q. WHAT IS YOUR ASSESSMENT OF CUPA’S PROPOSAL TO COMBINE RESIDENTIAL AND COMMERCIAL CUSTOMERS INTO A SINGLE CUSTOMER CLASS FOR RATEMAKING PURPOSES?

A. I recommend that residential and commercial customers continue to pay different volume charges for water service. Specifically, I recommend that the commercial volume charges continue to be discounted by 5.1% relative to residential volume charges. This would reflect the same rate differential that was approved by the Commission in CUPA’s prior general rate case and would properly recognize the fact that higher volume customers generally utilize the water system infrastructure more efficiently. It would also mitigate the disproportionate bill impacts that would otherwise be experienced by commercial water customers.

Q. ARE YOU RECOMMENDING ANY CHANGES TO THE RATE DESIGN FOR BASE CHARGES?

A. No, I am not. To be clear, I am only recommending modifications to the rate design for the residential and commercial volume charges. I am not recommending any

1 modifications to the rate design for the base charges, fire protection, or availability
2 fee.

3 **Q. HAVE YOU CALCULATED SEPARATE VOLUME CHARGES FOR**
4 **RESIDENTIAL AND COMMERCIAL CUSTOMERS THAT**
5 **INCOPORATE YOUR RECOMMENDED DIFFERENTIAL?**

6 A. Yes. My recommended water rates compared to CUPA’s proposed rates, *at*
7 *CUPA’s proposed consumption levels and revenue requirement*, are summarized
8 in Table JB-6 below and the revenue verification is presented in Schedule JB-6.
9 My recommended water rates compared to CUPA’s proposed rates, *at OSBA’s*
10 *proposed consumption levels* and CUPA’s proposed revenue requirement are
11 summarized in Table JB-7 below and the revenue verification is presented in
12 Schedule JB-7.

13 **Table JB-6**
14 **Residential and Commercial Water Rates**
15 **At CUPA Recommended Consumption Levels**
16 **At CUPA Recommended Revenue Requirement**

Consolidated Service	Single Class Res. and Com.		Difference	
	Volume Charge	Volume Charge		
Residential Flow	\$22.59	\$22.61	\$0.02	0.1%
Low-Income Flow	\$14.68	\$14.70	\$0.02	0.1%
Commercial and Pool Flow	\$22.59	\$21.45	-\$1.14	-5.0%

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Table JB-7
OSBA Recommended Residential and Commercial Water Rates
At OSBA Recommended Consumption Levels
At CUPA Recommended Revenue Requirement

Consolidated Service	Single Class	Res. and Com.	Difference	
	Volume Charge	Volume Charge		
Residential Flow	\$20.65	\$20.67	\$0.02	0.1%
Low-Income Flow	\$13.42	\$13.44	\$0.02	0.1%
Commercial and Pool Flow	\$20.65	\$19.61	-\$1.04	-5.0%

Q. FOR THE AVOIDANCE OF DOUBT PLEASE CLARIFY YOUR PRIMARY RATE DESIGN RECOMMENDATION AT CUPA’S PROPOSED REVENUE REQUIREMENT?

A. My primary rate design recommendation, which would incorporate OSBA’s recommended FPPTY consumptions levels and maintain the current differential between residential and commercial volume charges, is presented in Schedule JB-7 and summarized in Table JB-7 above. However, to the extent that the Commission does not approve my recommended FPPTY consumption adjustment, the results of my recommended rate design *at CUPA’s proposed consumption levels* are provided in Schedule JB-6 and summarized in Table JB-6 above.

Q. CAN YOU PLEASE QUANTIFY THE RATE IMPACT OF YOUR PROPOSED RATE DESIGN ON RESIDENTIAL AND COMMERCIAL RATES?

A. As can be seen in Table JB-6 and Table JB-7 above, modifying the rate design to maintain the existing differential between residential and commercial volume charges would increase the residential volume charge by just \$0.02 per 1,000 gallons of consumption, or 0.1%, relative to CUPA’s proposed rate design. The

1 commercial volume charge would be reduced by \$1.14 per 1,000 gallons of
2 consumption based on CUPA's proposed consumption levels, or \$1.04 based on
3 OSBA's recommended consumption levels, relative to CUPA's proposed rate
4 design. The reason the rate impact is so much smaller for the residential volume
5 charge is because the residential consumption is significantly larger than the
6 commercial consumption.

7 **Q. THE VOLUME CHARGES THAT YOU HAVE CALCULATED FOR**
8 **WATER AND SEWER ARE DESIGNED TO RECOVER CUPA'S**
9 **PROPOSED REVENUE REQUIREMENT. HOW SHOULD THE RATES**
10 **BE ADJUSTED IF THE COMMISSION APPROVES A REVENUE**
11 **REQUIREMENT THAT IS LESS THAN THAT PROPOSED BY CUPA?**

12 A. To the extent that the Commission approves a revenue requirement that is less than
13 that proposed by CUPA, then I recommend that each rate element contained in
14 Schedule JB-7 should be reduced pro rata, by an equal percentage, in order to
15 recover the approved revenue requirement.

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes, it does.

EXHIBITS

(Sch JB-1 p.1; Sch JB-1 p.2; Sch JB-1 p.3; Sch JB-1 p.4)

(Sch JB-2)

(Sch JB-3 p.1; JB-3 p.2)

(Sch JB-4; JB-5; JB-6; JB-7)

****The above referenced Exhibits will be served in an Excel spreadsheet only****

Appendix

Justin Bieber, MBA, P.E.

111 E Broadway, Suite 1200, Salt Lake City, Utah 84111 • (801) 355-4365 • jbieber@energystrat.com

WORK EXPERIENCE

Energy Strategies, LLC

Principal

Associate Principal

Senior Consultant

Salt Lake City, UT

2022 – Present

2021 – 2022

2017 – 2021

Pacific Gas & Electric

Manager, Transmission Project Development

Principal, ISO Relations and FERC Policy

Supervisor, Electric Generation Interconnection

San Francisco, CA

2015 – 2016

2014 – 2015

2012 – 2014

Nehemiah Construction, Inc.

Project Manager/Structure Superintendent

Project/Field Engineer

Benicia, CA

2009 – 2010

2006 – 2009

EDUCATION

University of Southern California, Marshall School of Business

Master of Business Administration

Los Angeles, CA

May 2012

Duke University

Bachelor of Science in Engineering, Mechanical Engineering

Durham, NC

May 2006

PROFESSIONAL LICENSE

Registered Professional Civil Engineer in the state of California

Regulatory Testimony

State of Colorado

<u>Proceeding #</u>	<u>Title</u>	<u>Activity</u>
18A-0905E	In the matter of the Application of Public Service Company of Colorado for approval of the 500 MW Cheyenne ridge wind project, a Certificate of Public Convenience and Cecessity for the Cheyenne Ridge Wind Farm, and a Certificate of Public Convenience and Necessity for the 345 kV Generation Tie Line and associated findings of noise and magnetic field reasonableness.	Answer Testimony, Feb. 22, 2019
20AL-0432E	In The Matter Of Advice No. 1835-Electric Of Public Service Company Of Colorado To Revise Its Colorado P.U.C. No. 8 – Electric Tariff To Eliminate The Currently Effective General Rate Schedule Adjustments To Place Into Effect Revised Base Rates And Other Phase Ii Tariff Proposals To Become Effective November 19, 2020	Cross-Answer Testimony, Apr. 7, 2021 Cross-Examined, May 10, 2021
23AL-0243E	In The Matter Of Advice No. 1923-Electric Of Public Service Company Of Colorado To Revise Its Colorado P.U.C. No. 8 – Electric Tariff To Eliminate The Currently Effective General Rate Schedule Adjustments To Place Into Effect Revised Base Rates And Other Phase Ii Tariff Proposals To Become Effective June 15, 2023	Answer Testimony, Oct. 20, 2023 Cross-Answer Testimony, Nov. 17, 2023

State of Indiana

<u>Cause #</u>	<u>Title</u>	<u>Activity</u>
44967	Petition of Indiana Michigan Power Company, an Indiana corporation, for authority to increase its rates and charges for electric utility service, for approval of: revised depreciation rates; accounting relief; inclusion in basic rates and charges of the costs of qualified pollution control property; modifications to rate adjustment mechanisms; and major storm reserve; and for approval of new schedules of rates, rules and regulations.	Direct Testimony, Nov. 7, 2017 Cross-Answer Testimony, Dec. 6, 2017
45235	Petition of Indiana Michigan Power Company, an Indiana Corporation, for authority to increase its rates and charges for electric utility service, through a phase in rate adjustment; and for approval of related relief including: (1) revised depreciation rates; (2) accounting relief; (3) inclusion in rate base of qualified pollution control property and clean energy project; (4) enhancements to the dry sorbent injection system; (5) advanced metering infrastructure; (6) rate adjustment mechanism proposals; and (7) new schedules of rates, rules and regulations.	Direct Testimony, Aug. 20, 2019 Cross-Answer Testimony, Sep. 17, 2019

45253	Petition of Duke Energy Indiana, LLC pursuant to Ind. Code §§ 8-1-2-42.7 and 8-1-2-61, for (1) authority to modify its rates and charges for electric utility service through a step-in of new rates and charges using a forecasted test period; (2) approval of new schedules of rates and charges, general rules and regulations, and riders; (3) approval of a federal mandate certificate under ind. Code § 8-1-8.4-1; (4) approval of revised electric depreciation rates applicable to its electric plant in service; (5) approval of necessary and appropriate accounting deferral relief; and (6) approval of a revenue decoupling mechanism for certain customer classes	Direct Testimony, Oct. 30, 2019 Cross-Answer Testimony, Dec. 4, 2019
45576	Petition of Indiana Michigan Power Company, an Indiana Corporation, for authority to increase its rates and charges for electric utility service, through a phase in rate adjustment; and for approval of related relief including: (1) revised depreciation rates; (2) accounting relief; (3) inclusion in rate base of qualified pollution control property and clean energy project; (4) enhancements to the dry sorbent injection system; (5) advanced metering infrastructure; (6) rate adjustment mechanism proposals; and (7) new schedules of rates, rules and regulations.	Direct Testimony, Oct. 12, 2021
45911	Petition of Indiana Michigan Power Company, an Indiana Corporation, for authority to increase its rates and charges for electric utility service, through a phase in rate adjustment; and for approval of related relief including: (1) revised depreciation rates; (2) accounting relief; (3) inclusion in rate base of qualified pollution control property and clean energy project; (4) enhancements to the dry sorbent injection system; (5) advanced metering infrastructure; (6) rate adjustment mechanism proposals; and (7) new schedules of rates, rules and regulations.	Direct Testimony, Oct. 12, 2023

State of Kentucky

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
2017-00321	In the matter of Application of Duke Energy Kentucky, Inc. For: 1) an adjustment of the electric rates; 2) approval of an environmental compliance plan and surcharge mechanism; 3) approval of accounting practices to establish regulatory assets and liabilities, and 5) all other required approvals and relief.	Direct Testimony, Dec. 29, 2017 Cross Examined, Mar. 8, 2018
2018-00294	Application of Kentucky Utilities Company for an Adjustment of its Rates	Direct Testimony, Jan. 16, 2019
2018-00295	Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates	Direct Testimony, Jan. 16, 2019
2019-00271	The Electronic Application of Duke Energy Kentucky, Inc., for: 1) An Adjustment of the Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief.	Direct Testimony, Dec. 13, 2019 Cross Examined, Feb. 19, 2020
2020-00349	Electronic Application Of Kentucky Utilities Company For An Adjustment Of Its Electric Rates, A Certificate Of Public Convenience And Necessity To Deploy Advanced Metering Infrastructure, Approval Of Certain Regulatory And Accounting Treatments, And Establishment Of A One-Year Surcredit	Direct Testimony, Mar. 5, 2021

2020-00350	Electronic Application Of Louisville Gas And Electric Company For An Adjustment Of Its Electric And Gas Rates, A Certificate Of Public Convenience And Necessity To Deploy Advanced Metering Infrastructure, Approval Of Certain Regulatory And Accounting Treatments, And Establishment Of A One-Year Surcredit	Direct Testimony, Mar. 5, 2021
2021-00289	Electronic Tariff Filing of Big Rivers Electric Corporation and Kenergy Corp. to Implement a New Standby Service Tariff	Direct Testimony, Oct. 15, 2021 Cross-Examination, Jan. 20, 2022
2022-00372	Electronic Application Of Duke Energy Kentucky, Inc. For (1) An Adjustment Of Electric Rates; (2) Approval Of New Tariffs; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; And (4) All Other Required Approvals And Relief	Direct Testimony, Mar. 10, 2023 Cross-Examination, May 10, 2023

State of Michigan

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
U-20134	In the Matter of the Application of Consumers Energy Company for Authority to Increase its Rates for the Generation and Distribution of	Direct Testimony, Sep. 10, 2018 Rebuttal Testimony, Oct. 1, 2018
U-20162	In the Matter of the Application of DTE Electric Company for Authority to Increase its Rates for the Generation and Distribution of Electricity and for Other Relief.	Direct Testimony, Nov. 7, 2018 Rebuttal Testimony, Nov. 28, 2018
U-20561	In the matter of the Application of DTE Electric Company for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.	Direct Testimony, Nov. 6, 2019 Rebuttal Testimony, Dec. 2, 2019 Cross-Examined Dec. 19, 2019
U-20697	In the Matter of the Application of Consumers Energy Company for Authority to Increase its Rates for the Generation and Distribution of Electricity and for Other Relief.	Direct Testimony, Jun. 24, 2020 Rebuttal Testimony, Jul. 14, 2020 Cross-Examined Aug. 4, 2020
U-20963	In the Matter of the Application of Consumers Energy Company for Authority to Increase its Rates for the Generation and Distribution of Electricity and for Other Relief.	Direct Testimony, Jun. 22, 2021 Rebuttal Testimony, Jul. 12, 2021
U-20836	In the matter of the application of DTE Electric Company for authority to increase its rates for the generation and distribution of electricity and for miscellaneous accounting authority.	Direct Testimony, May 19, 2022 Rebuttal Testimony, Jun. 13, 2022
U-21224	In the Matter of the Application of Consumers Energy Company for Authority to Increase its Rates for the Generation and Distribution of Electricity and for Other Relief.	Direct Testimony, Aug. 24, 2022 Rebuttal Testimony, Sep. 15, 2022
U-21297	In the matter of the application of DTE Electric Company for authority to increase its rates for the generation and distribution of electricity and for miscellaneous accounting authority.	Direct Testimony, Jun. 13, 2023 Rebuttal Testimony, Jul. 7, 2023

State of Montana

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
D2019.2.8	Grizzly Wind, LLC Petition to Set Terms and Conditions of Qualifying Small Power Production Facility Pursuant to MCA S 69-3-603	Rebuttal Testimony, May 23, 2019 Cross-Examined, Jun. 12, 2019
D2019.2.9	Black Bear Wind, LLC Petition to Set Terms and Conditions of Qualifying Small Power Production Facility Pursuant to MCA S 69-3-603	Rebuttal Testimony, May 29, 2019 Cross-Examined, Jun. 12, 2019
2022.07.078	In The Matter Of Northwestern Energy's Application For Authority To Increase Its Retail Electric And Natural Gas Utility Service Rates And For Approval Of Electric And Natural Gas Service Schedules And	Direct Testimony, Dec. 19, 2022 Cross-Intervenor, Mar. 6, 2023 Cross-Examined, April 12, 2023

State of Nevada

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
20-06003	Application of Nevada Power Company d/b/a NV Energy for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto.	Direct Testimony, Aug. 17, 2020 Cross-Examined, Sep. 1, 2020
23-06007	Application of Nevada Power Company, d/b/a NV Energy, filed pursuant to NRS 704.110 (3) and (4), addressing its annual revenue requirement for general rates charged to all classes of electric customers	Direct Testimony, Oct. 6, 2023 Cross-Examined, Nov. 6, 2023

State of New Mexico

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
20-00238-UT	In The Matter Of Southwestern Public Service Company's Application For: (1) Revision Of Its Retail Rates Under Advice Notice No. 292; (2) Authorization And Approval To Abandon Its Plant X Unit 3 Generating Station; And (3) Other Associated Relief, Southwestern Public Service Company, Applicant	Direct Testimony, May 17, 2021 Rebuttal Testimony, Jun. 9, 2021
22-00286-UT	In The Matter Of Southwestern Public Service Company's Application For: (1) Revision Of Its Retail Rates Under Advice Notice No. 292; (2) Authorization And Approval To Abandon Its Plant X Unit 3 Generating Station; And (3) Other Associated Relief, Southwestern Public Service Company, Applicant	Direct Testimony, Apr. 21, 2023 Rebuttal Testimony, May 5, 2023
22-00270-UT	In The Matter Of The Application Of Public Service Company Of New Mexico For Revision Of Its Retail Electric Rates Pursuant To Advice Notice No. 595 Public Service Company of New Mexico, Applicant.	Direct Testimony, Jun. 23, 2023 Rebuttal Testimony, July. 28, 2023

State of North Carolina

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
E-2, Sub 1142	Application of Duke Energy Progress, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina	Direct Testimony, Sep. 22, 2017
E-7, Sub 1214	Application of Duke Energy Carolinas, LLC For Adjustment of Rates and Charges Applicable to Electric Service in North Carolina	Direct Testimony, Feb. 18, 2020
E-2, Sub 1219	Application of Duke Energy Progress, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina	Direct Testimony, Apr. 13, 2020 Errata, Apr. 27, 2020
E-2, Sub 1300	Application of Duke Energy Progress, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina and Performance-Based Regulation	Direct Testimony, Mar. 27, 2023
E-7, Sub 1276	Application of Duke Energy Carolinas, LLC, for Adjustment of Rates and Charges Applicable to Electric Utility Service in North Carolina and Performance-Based Regulation	Direct Testimony, July 19, 2023

State of Ohio

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
18-501-EL-FOR	In the Matter of the Long-Term Forecast Report of Ohio Power Company and Related Matters	Direct Testimony, Jan. 2, 2019 Cross Examined, Jan. 25, 2019
18-1392-EL-RDR	In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into Renewable Energy Purchase	
18-1393-EL-ATA	Agreements for Inclusion in the Renewable Generation Rider In the Matter of the Application of Ohio Power Company to Amend its Tariffs	
23-23-EL-SSO	In the Matter of the Application of The Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan	Direct Testimony, Jun. 9, 2023
23-301-EL-SSO	In the Matter of the Application of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan.	Direct Testimony, Oct. 23, 2023

State of Oregon

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
UE 335	Portland General Electric Company request for General Rate Revision	Direct Testimony, Jun. 6, 2018 Settlement Testimony, Aug. 16, Aug. 20, Aug. 29, Sep. 14, Sep. 17, 2018
UE 374	PacifiCorp request for a General Rate Revision	Opening Testimony, Jun. 4, 2020

UE 394	Portland General Electric Company request for General Rate Revision	Settlement Testimony, Sep. 30, 2021 Opening Testimony, Oct. 25, 2021 Settlement Testimony, Dec. 2, 2021 Rebuttal Testimony, Jan. 13, 2022 Settlement Testimony, Jan. 18, 2022 Settlement Testimony, Mar. 2, 2022
UE 399	PacifiCorp request for a General Rate Revision	Rebuttal Testimony, Aug. 11, 2022
UE 416	Portland General Electric Company request for General Rate Revision	Reply Testimony, Aug. 22, 2023 Settlement Testimony, Oct. 6, 2023

State of Texas

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
53601	Application Of Oncor Electric Delivery Company LLC For Authority To Change Rates	Direct Testimony, Aug. 26, 2022 Rebuttal Testimony, Sep. 16, 2022 Cross-Examined, Sep. 29, 2022

State of Utah

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
19-057-13	In the Matter of the Request of Dominion Energy Utah for Approval of a Voluntary Resource Decision to Construct an LNG Facility	Rebuttal Testimony, Sep. 12, 2019 Cross Examined, Sep. 27, 2019
20-035-04	In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations.	Direct Testimony, Sep. 15, 2020 Rebuttal Testimony, Oct. 16, 2020 Surrebuttal Testimony, Nov. 6, 2020 Cross Examined, Nov. 17, 2020
21-035-42	In the Matter of the Rocky Mountain Power's Application for Alternative Cost Recovery for Major Plant Additions of the Pryor Mountain and TB Flats Wind Projects	Direct Testimony, Oct. 6, 2021 Surrebuttal Testimony, Nov. 18, 2021 Cross-Examined, Nov. 30, 2021
21-035-54	Application of Rocky Mountain Power for a Certificate of Public Convenience and Necessity for the Gateway South Transmission Project	Direct Testimony, Jan. 25, 2022

State of Virginia

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
PUR-2020-00015	Application of Appalachian Power Company for a Triennial Review of the Rates, Terms and Conditions for the Provision of Generation, Distribution and Transmission Services Pursuant to §56-585.1 A of the Code of Virginia	Direct Testimony, Jul. 30, 2020
PUR-2021-00058	Application of Virginia Electric and Power Company for a Triennial Review of the Rates, Terms and Conditions for the Provision of Generation, Distribution and Transmission Services Pursuant to §56-585.1 A of the Code of Virginia	Direct Testimony, Sep. 3, 2021

PUR-2023-00002	Application of Appalachian Power Company for a Triennial Review of the Rates, Terms and Conditions for the Provision of Generation, Distribution and Transmission Services Pursuant to §56-585.1 A of the Code of Virginia	Direct Testimony, Jul. 14, 2023
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State of Washington

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
UE-220066 UG-220067	2022 PSE General Rate Case	Direct Testimony, Jul. 28, 2022 Cross-Examined, Oct. 3, 2022

State of Wisconsin

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
5-UR-109	Joint Application of Wisconsin Electric Power Company and Wisconsin Gas LLC for authority to adjust electric, natural gas and steam rates - test year 2020	Direct Testimony, Aug. 23, 2019 Supplemental Testimony, Sep. 24, 2019
5-UR-110	Joint Application of Wisconsin Electric Power Company and Wisconsin Gas LLC for authority to adjust electric, natural gas and steam rates	Direct Testimony, Sep. 9, 2022

Railroad Commission of Texas

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
13758	Statement of Intent to Change the Rate CGS and Rate PT of Atmos Pipeline - Texas	Direct Testimony, Sep. 5, 2023

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

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

VERIFICATION

I, Justin Bieber, hereby state that the facts set forth in my Direct Testimony labeled OSBA Statement No. 1 and associated exhibits JB-1 through JB-7, are correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: February 5, 2024



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.
	:	R-2023-3042804 (Water)
	:	C-2023-3044494
v.	:	R-2023-3042805 (Wastewater)
	:	C-2023-3044528
Community Utilities of Pennsylvania Inc.	:	

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 Alphonso Arnold III
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
alphonarno@pa.gov

The Honorable Steven Haas
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
sthaas@pa.gov

Harrison W. Breitman, Esquire
Erin L. Gannon, Esquire
Jacob D. Guthrie, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101
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Thomas J. Sniscak, Esquire
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zawalker@pa.gov
esakaya@pa.gov

DATE: February 6, 2024

/s/ Sharon E. Webb
Sharon E. Webb
Assistant Small Business Advocate
Attorney I.D. No. 73995



COMMONWEALTH OF PENNSYLVANIA

March 5, 2024

The Honorable Alphonso Arnold III
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

The Honorable Steven Haas
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

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

Dear Presiding Judges:

Enclosed please find Rebuttal Testimony of Justin Bieber labeled OSBA Statement No. 1-R on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

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: PA PUC Secretary Rosemary Chiavetta (Cover Letter & Certificate of Service only)
Justin Bieber
Kevin Higgins
Parties of Record

OSBA STATEMENT NO. 1-R

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

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

Rebuttal Testimony of Justin Bieber

on behalf of the

Office of Small Business Advocate

March 5, 2024

Topics:

Cost Allocation

Rate Design

Date Served: March 5, 2024

Date Submitted for the Record: _____

1 **REBUTTAL TESTIMONY OF JUSTIN BIEBER**

2

3 **INTRODUCTION**

4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Justin Bieber. My business address is 111 East Broadway, Suite 1200,
6 Salt Lake City, Utah, 84111.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a
9 private consulting firm specializing in economic and policy analysis applicable to
10 energy production, transportation, and consumption.

11 **Q. ARE YOU THE SAME JUSTIN BIEBER WHO FILED DIRECT**
12 **TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE**
13 **PENNSYLVANIA OFFICE OF SMALL BUSINESS ADVOCATE**
14 **(“OSBA”)?**

15 A. Yes.

16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
17 **PROCEEDING?**

18 A. My testimony responds to the concerns raised in the Direct Testimony of Mr. Esyan
19 A. Sakaya on behalf of the Pennsylvania Public Utility Commission
20 (“Commission”) Bureau of Investigation and Enforcement (“I&E”) and Mr. Jerome
21 D. Mierzwa on behalf of the Pennsylvania Office of Consumer Advocate (“OCA”)
22 with respect to the consolidated cost of service study (“CCOSS”) and rate design

1 for water service. I also respond to Mr. Mierzwa with respect to the rate design for
2 sewer service.

3 **Q. WHAT CONCLUSIONS DO YOU OFFER IN YOUR REBUTTAL**
4 **TESTIMONY?**

5 A. I offer the following conclusions:

6 1) Mr. Sakaya and Mr. Mierzwa disagree with the proposal by the Community
7 Utilities of Pennsylvania Inc. (“CUPA” or the “Company”) in the water CCOSS to
8 assign corporate allocations of operating expenses entirely to the customer billing
9 and collecting cost function. I agree with Mr. Mierzwa and Mr. Sakaya that it is
10 inappropriate to include 100% of these costs in the billing and collecting customer
11 cost function.

12 2) Mr. Mierzwa’s revised water customer charge calculations remove public fire
13 protection costs. Notwithstanding Mr. Mierzwa's concerns regarding an over
14 recovery of public fire protection costs which he plans to address in surrebuttal, if
15 public fire protection costs are completely removed from the customer charge
16 calculations, then the appropriate level of fire protection costs not recovered from
17 the municipalities must be recovered elsewhere, most likely through the volumetric
18 usage charge. I disagree with the complete removal of these costs from the
19 customer charge calculations and recommend that the appropriate level of public
20 fire protection costs be included in the customer charge calculations.

21 3) Mr. Mierza disagrees with CUPA’s proposal to include 100% of collection system
22 costs in the customer charge calculations for sewer service. Given that collection
23 system costs are caused by both the volume of flow and the number and size of

1 customers connected to the system, it would be reasonable for a portion of the
2 collection system cost of service to be recovered through the volumetric usage
3 charge.

4

5 **WATER CCOSS AND RATE DESIGN**

6 *Corporate Allocations Expense*

7 **Q. PLEASE EXPLAIN HOW CUPA PROPOSES TO RECOVER**
8 **CORPORATE ALLOCATION EXPENSES.**

9 A. Mr. Mierzwa explains that CUPA’s water CCOSS assigns all corporate allocation
10 expenses to the customer cost function. These costs are included in the calculation
11 of customer charges and contribute to an increase of \$8.35 in CUPA’s calculated
12 customer charges.¹

13 **Q. PLEASE EXPLAIN MR. MIERZWA’S CONCERN WITH CUPA’S**
14 **PROPOSAL TO ASSIGN 100% OF CORPORATE ALLOCATION**
15 **EXPENSE TO THE BILLING AND COLLECTING COST FUNCTION.**

16 A. According to Mr. Mierzwa, it is unreasonable to include 100% of allocated general
17 and administrative corporate services costs in a customer charge calculation
18 because corporate service costs are allocated to CUPA based on gross property
19 plant and equipment. To address this inconsistency, Mr. Mierzwa recommends that
20 corporate services costs be assigned to all cost functions based on allocation factor
21 7 (total operations and maintenance expense excluding purchased power) which is

¹ Direct Testimony of Jerome D. Mierzwa (OCA Statement No. 4), p. 11.

1 also utilized to assign several other general and administrative expenses to the
2 various functional cost categories.²

3 **Q. PLEASE SUMMARIZE MR. SAKAYA’S POSITION REGARDING**
4 **CUPA’S PROPOSAL TO CLASSIFY CORPORATE ALLOCATIONS OF**
5 **OPERATING EXPENSES TO THE CUSTOMER CHARGE.**

6 A. Mr. Sakaya does not agree with CUPA’s proposal to assign \$352,455 in corporate
7 allocations of operating expenses to customer costs.³ Mr. Sakaya proposes
8 removing the corporate allocations from the billing and collecting function because
9 the corporate allocations of operating expenses are tied to a Company-based
10 incentive compensation and bonus plan, and because the corporate allocations are
11 indirect customer costs that should not be recovered through the customer charge.⁴

12 **Q. HOW DO YOU RESPOND TO MR. MIERZWA’S AND MR. SAKAYA’S**
13 **CONCERNS REGARDING THE ASSIGNMENT OF CORPORATE**
14 **ALLOCATION EXPENSE TO THE BILLING AND COLLECTING**
15 **FUNCTION?**

16 A. I agree with Mr. Mierzwa and Mr. Sakaya that it is inappropriate to include 100%
17 of these costs in the customer charge. However, it would still be appropriate to
18 allocation a non-zero portion of the corporate allocation expense to the billing and
19 collecting function. Therefore, I am not opposed to Mr. Mierzwa’s
20 recommendation to assign corporate services costs to all cost functions based on
21 allocation factor 7 (total operations and maintenance expense excluding purchased

² *Id.*

³ Direct Testimony of Esyan A. Sakaya (I&E Statement No. 3), p. 16.

⁴ *Id.* p. 18.

1 power) which is also utilized to assign several other general and administrative
2 expenses to the various functional cost categories.

3

4 ***Public Fire Protection Costs***

5 **Q. PLEASE EXPLAIN MR. MIERZWA’S CONCERN REGARDING THE**
6 **ALLOCATION OF PUBLIC FIRE PROTECTION COSTS.**

7 A. Mr. Mierzwa claims that the hydrants in the Penn Estates territory are not used to
8 provide public fire protection service but the costs of the hydrants in Penn Estates
9 are included in the CCOSS. Therefore, he claims that CUPA’s water CCOSS
10 significantly overstates the cost of providing public fire protection service.
11 According to Mr. Mierzwa, the OCA has discussed this issue with CUPA and
12 CUPA has indicated that it will make the appropriate adjustments to the cost of
13 providing public fire protection service for Penn Estates hydrant investment in its
14 rebuttal testimony. Mr. Mierzwa also explains that he plans to address the
15 Company’s adjustments on this issue in surrebuttal testimony.⁵

16 **Q. DOES MR. MIERZWA PROPOSE ANY REVISIONS TO THE CUSTOMER**
17 **CHARGE CALCULATIONS TO REFLECT THE ALLOCATION OF FIRE**
18 **PROTECTION COSTS?**

19 A. Mr. Mierzwa removes the public fire protection costs from his revised customer
20 charge calculations contained in Schedule JDM-1 because he does not find it
21 reasonable to assess Penn Estates and Tamiment customers public fire protection

⁵ Direct Testimony of Jerome D. Mierzwa (OCA Statement No. 4), p. 12.

1 costs when CUPA does not provide these customers with public fire protection
2 service.⁶

3 **Q. WHAT HAPPENS TO THE FIRE PROTECTION COSTS IF THEY ARE**
4 **NOT RECOVERED THROUGH THE CUSTOMER CHARGE?**

5 A. Mathematically, unless the fire protection costs are disallowed, if the costs are not
6 recovered through the customer charge, those costs will necessarily be recovered
7 through a different charge, most likely the volumetric usage charge.

8 **Q. DOES THE PENNSYLVANIA PUBLIC UTILITY CODE ADDRESS**
9 **PUBLIC FIRE HYDRANT RATES?**

10 A. Yes. Section 1328 of the Public Utility Code (66 Pa. C.S. Section 1328) Part C
11 states:

12 *The legal rates charged to municipalities for public fire hydrants in effect on the*
13 *effective date of this section shall remain frozen and shall not be changed until the*
14 *present rates for those public fire hydrants are determined to be below the 25%*
15 *ceiling established under subsection (b). The remaining cost of service for those*
16 *public fire hydrants not recovered from the municipality shall be recovered from*
17 *all customers of the public utility in the public utility's **fixed or service charge or***
18 ***minimum bill [emphasis added].***⁷
19

20 **Q. DO YOU HAVE ANY CONCERNS WITH MR. MIERZWA'S PROPOSED**
21 **REVISION THAT WOULD REMOVE THE PUBLIC FIRE PROTECTION**
22 **COSTS FROM THE CUSTOMER CHARGE CALCULATIONS?**

23 A. Yes, I am concerned that removing fire protection costs from the customer charge
24 calculations could result in those costs being recovered through the volumetric
25 usage charge. While I am not offering a legal opinion, my understanding of the
26 statute is that the cost of service for hydrants that is not recovered from the

⁶ *Id.* p. 13.

⁷ 66 Pa. C.S. § 1328, Part C.

1 municipality should be recovered through a customer charge, not a volumetric
2 usage charge. Therefore, I disagree with the complete removal of these costs from
3 the customer charge calculations and recommend that the appropriate level of
4 public fire protection costs be included in the customer charge calculations.
5

6 **SEWER CCROSS AND RATE DESIGN**

7 **Q. PLEASE EXPLAIN MR. MIERZWA’S CONCERN WITH CUPA’S RATE**
8 **DESIGN FOR SEWER RATES?**

9 A. Mr. Mierzwa explains that under CUPA’s proposed rate design for sewer service,
10 100% of collection system costs are included in the calculation of the fixed monthly
11 customer charge.⁸ However, according to CUPA witness Scott Miller, collection
12 system costs can vary both by the volume of flow and the number and size of
13 customers connected to the system, and collection system costs are sometimes
14 recovered through both a volumetric flow charge and a fixed monthly charge.⁹

15 Mr. Mierzwa further explains that the procedures identified by the Water
16 Environmental Federation in its Manual of Practice No. 27, Financing and Charges
17 for Wastewater System, (“WEF Manual No. 27”) indicate two basic cost allocation
18 approaches, including the design – basis cost allocation method and the functional
19 cost allocation method. According to Mr. Mierzwa, in the examples of these two
20 methods presented in the WEF Manual No. 27, only 10% of the collection system

⁸ Direct Testimony of Jerome D. Mierzwa (OCA Statement No. 4), p. 18.

⁹ Direct Testimony of Scott A. Miller (CUPA Statement No. 7), p. 20.

1 costs are assigned and allocated to the billing and collection function cost
2 component, not 100% as proposed by CUPA.¹⁰

3 **Q. HOW DO YOU RESPOND TO MR. MIERZWA'S CONCERN**
4 **REGARDING THE INCLUSION OF 100% OF COLLECTION SYSTEM**
5 **COSTS IN THE CUSOMTER CHARGE CALCULATIONS?**

6 A. Given that collection system costs are caused by both the volume of flow and the
7 number and size of customers connected to the system, it would be reasonable for
8 a portion of the collection system cost of service to be recovered through a
9 volumetric usage charge.

10 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

11 A. Yes, it does.

¹⁰ Direct Testimony of Jerome D. Mierzwa (OCA Statement No. 4), p. 18.


**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

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

VERIFICATION

I, Justin Bieber, hereby state that the facts set forth in my Rebuttal Testimony labeled OSBA Statement No. 1-R are correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: March 4, 2024



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.
	:	R-2023-3042804 (Water)
	:	C-2023-3044494
v.	:	R-2023-3042805 (Wastewater)
	:	C-2023-3044528
Community Utilities of Pennsylvania Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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DATE: March 5, 2024

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney I.D. No. 73995



COMMONWEALTH OF PENNSYLVANIA

March 19, 2024

The Honorable Alphonso Arnold III
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

The Honorable Steven Haas
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

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

Dear Presiding Judges:

Enclosed please find Surrebuttal Testimony of Justin Bieber labeled OSBA Statement No. 1-S and associated Exhibit JB-8, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

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: PA PUC Secretary Rosemary Chiavetta (Cover Letter & Certificate of Service only)
Justin Bieber
Kevin Higgins
Parties of Record

BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA

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

Surrebuttal Testimony of Justin Bieber

on behalf of

Pennsylvania Office of Small Business Advocate

March 19, 2024

Topics:

Revenue Requirement

Return on Equity

Rate Design

Cost Allocation

Date Served: March 19, 2024

Date Submitted for the Record: _____

1 **SURREBUTTAL TESTIMONY OF JUSTIN BIEBER**

2

3 **INTRODUCTION**

4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Justin Bieber. My business address is 111 East Broadway, Suite 1200,
6 Salt Lake City, Utah, 84111.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a
9 private consulting firm specializing in economic and policy analysis applicable to
10 energy production, transportation, and consumption.

11 **Q. ARE YOU THE SAME JUSTIN BIEBER WHO FILED DIRECT AND**
12 **REBUTTAL TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE**
13 **PENNSYLVANIA OFFICE OF SMALL BUSINESS ADVOCATE**
14 **(“OSBA”)?**

15 A. Yes.

16 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**
17 **THIS PROCEEDING?**

18 A. My testimony responds to the Rebuttal testimony of the Community Utilities of
19 Pennsylvania Inc. (“CUPA” or the “Company”) witness Anthony Gray regarding
20 revenue requirement and rate design issues.

21 I respond to CUPA witness Matthew R. Howard and Bureau of
22 Investigation and Enforcement (“I&E”) witness D. C. Patel regarding my use of a
23 9.65% proxy return on equity (“ROE”) in my revenue requirement calculations.

1 I also respond to CUPA witness Scott A. Miller and Jerome D. Mierzwa on
2 behalf of the Pennsylvania Office of Consumer Advocate (“OCA”) witness
3 regarding rate design.

4 **Q. WHAT CONCLUSIONS DO YOU OFFER IN YOUR REBUTTAL**
5 **TESTIMONY?**

6 A. I offer the following conclusions:

7 1) I continue to recommend that 40% of the expenses associated with the Employee
8 Incentive Plan (“EIP”) be removed from the revenue requirement.

9 2) I explain my use of a 9.65% proxy ROE in my direct revenue requirement
10 calculations and provide the results of my revenue requirement calculation using
11 the costs of capital recommended by I&E and OCA in Schedule JB-8.

12 3) I continue to recommend that that the Commission reject CUPA’s proposal to
13 decrease the Historical Test Year (“HTY”) consumption volumes in the Future Test
14 Year (“FTY”) and Fully Projected Future Test Year (“FPFTY”) by 4.38% year over
15 year. Instead, the Commission should approve the same FPFTY consumption
16 levels as the HTY.

17 4) I continue to recommend that the current rate differential between residential and
18 commercial volume charges for water service should be maintained.

19 5) In my rebuttal testimony, I did not object to Mr. Mierzwa’s recommendation to
20 assign corporate services costs to all cost functions based on allocation factor 7.¹

21 In my surrebuttal, I clarify that my non-objection applies to the assignment of
22 indirect corporate costs such as governance, legal, regulatory compliance, etc.

¹ Rebuttal Testimony of Justin Bieber (OSBA Statement No. 1-R), pp. 3-4.

1 However, corporate expenses that are directly related to billing and customer
2 service should still be assigned to the billing and collecting function.

3

4 **REVENUE REQUIREMENT ADJUSTMENTS**

5 *Employee Incentive Plan Expense*

6 **Q. PLEASE DESCRIBE YOUR ADJUSTMENTS FOR THE EIP EXPENSE.**

7 A. In my direct testimony, I recommend that 40% of the EIP expense, reflecting the
8 portion of the EIP awarded based on financial metrics, should be removed from the
9 revenue requirement.²

10 **Q. HOW DID CUPA RESPOND TO YOUR RECOMMENDED**
11 **ADJUSTMENT?**

12 A. Mr. Gray disagrees with my adjustment in his rebuttal testimony, arguing that
13 incentivizing employees for financial performance serves the customer interest and
14 should be recovered in rates. According to Mr. Gray, based on Supreme Court
15 precedent, the Company is allowed an opportunity to achieve its authorized return
16 for investors in order to maintain financial viability and attract capital. He claims
17 that using a financial incentive as one of several tools to maintain a strong utility is
18 simply consistent with the Supreme Court's ruling.³

19 Mr. Gray also claims that for a regulated monopoly company, such as a
20 utility, that cannot change rates independently, controlling operating costs and
21 managing prudent capital investments are the only meaningful ways a regulated
22 utility can earn an authorized return. He therefore claims that incentivizing

² Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 8.

³ Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), p. 23.

1 financial management is necessary and practical and has direct benefits to
2 customers.⁴

3 Additionally, Mr. Gray asserts that the EIP helps attract and retain quality
4 employees in a competitive market which benefits customers by reducing
5 turnover.⁵

6 **Q. HOW DO YOU RESPOND TO MR. GRAY'S ASSERTION THAT USING**
7 **FINANCIAL INCENTIVES TO MAINTAIN A STRONG UTILITY IS**
8 **SIMPLY CONSISTENT WITH THE SUPREME COURT'S RULING?**

9 A. While Mr. Gray does not cite the specific Supreme Court ruling, I do not disagree
10 that regulated monopoly utilities are allowed an opportunity to earn an authorized
11 return. However, the mere fact that utilities are allowed an opportunity to earn a
12 return, which is a basic tenet of ratemaking, does not logically justify the need for
13 employee incentive payments tied to financial performance to be recovered from
14 the utility's customers, as opposed to shareholders. In other words, the opportunity
15 for a utility to earn an authorized return is not contingent on a utility's ability to
16 recover the cost of employee incentive payments tied to financial performance from
17 its ratepayers.

⁴ *Id.*

⁵ *Id.*

1 **Q. MR. GRAY ASSERTS THAT CONTROLLING OPERATING COSTS AND**
2 **MANAGING PRUDENT CAPITAL INVESTMENTS ARE THE ONLY**
3 **MEANINGFUL WAYS A REGULATED MONOPOLY UTILITY CAN**
4 **EARN AN AUTHORIZED RETURN, AND THEREFORE**
5 **INCENTIVIZING FINANCIAL MANAGEMENT IS NECESSARY AND**
6 **HAS DIRECT BENEFITS TO CUSTOMERS. HOW DO YOU RESPOND**
7 **TO THIS ASSERTION?**

8 A. I do not disagree with Mr. Gray that controlling operating costs and managing
9 prudent capital investments are important objectives that can help a regulated
10 monopoly utility earn its authorized return. But again, this premise does not
11 logically support his argument that incentivizing financial management through
12 customer rates is necessary and has direct benefits to customers. On the contrary,
13 financial incentives have the potential to be misaligned with customer interests. For
14 example, a monopoly utility that earns a return on capital investments in rate base
15 has a financial incentive to make additional capital investments that can result in
16 higher returns. However, in some circumstances, this incentive can potentially be
17 misaligned with the objective of managing only prudent capital investments to
18 minimize costs for customers.

19 **Q. HOW DO YOU RESPOND TO MR. GRAY'S ASSERTION THAT THE EIP**
20 **HELPS ATTRACT AND RETAIN QUALITY EMPLOYEES TO THE**
21 **BENEFIT OF CUSTOMERS.**

22 A. While the EIP may be a helpful tool to attract and retain quality employees, an
23 incentive program that is based on goals such as customer satisfaction, operating

1 efficiency, environment and safety can also be an effective tool to attract and retain
2 employees.

3 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS REGARDING**
4 **EIP EXPENSES.**

5 A. I continue to recommend that the portion of the EIP expense tied to financial
6 performance should be removed from the revenue requirement. While rewarding
7 employees for financial performance can be entirely appropriate, the responsibility
8 for funding such awards rests most appropriately with shareholders, who are the
9 primary beneficiaries of meeting or exceeding financial targets.

10

11 *Proxy ROE Adjustment*

12 **Q. PLEASE DESCRIBE YOUR PROXY ROE ADJUSTMENT.**

13 A. I utilized the 9.65% ROE authorized by the Commission for the DSIC for most
14 water utilities in the state as a proxy in my revenue requirement calculation.⁶

15 **Q. DO ANY PARTIES TAKE ISSUE WITH YOUR USE OF THIS**
16 **PLACEHOLDER ROE?**

17 A. Yes. Mr. Patel disagrees with my use of the DSIC ROE of 9.65% in this proceeding
18 because I did not conduct an analysis for the ROE but simply utilized a proxy value.
19 Mr. Patel argues that the DSIC rate is not a proper measurement of ROE because it
20 is subject to change at quarterly intervals. Mr. Patel also explains that the DSIC
21 mechanism serves to lower a utility's risk because it reduces regulatory lag.⁷

⁶ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 8-9.

⁷ Rebuttal Testimony of D.C. Patel (I&E Statement No. 2-R), pp. 5.

1 CUPA witness Matthew Howard also responds to my adjustment, indicating
2 that I did not conduct a formal ROE analysis.⁸

3 **Q. HOW DO YOU RESPOND TO THESE CONCERNS?**

4 A. To clarify, I am not suggesting that the DSIC ROE be adopted in this proceeding
5 in the absence of a detailed ROE analysis. As I explained in my direct testimony,
6 my use of the 9.65% DSIC ROE is not intended to supplant the Commission's
7 consideration of traditional cost of capital analyses offered by other parties in this
8 proceeding.⁹

9 **Q. HAVE YOU ANALYZED THE IMPACT OF OTHER PARTIES' COST OF**
10 **CAPITAL RECOMMENDATIONS ON YOUR REVENUE**
11 **REQUIREMENT CALCULATIONS?**

12 A. Yes. In Schedule JB-8, I provide a summary of the total revenue increases that
13 would result from utilizing I&E's and OCA's recommended costs of capital in my
14 revenue requirement calculations. For comparison purposes, I also summarize the
15 total revenue increases that I recommended in my direct testimony, as well as
16 those recommended by I&E, OCA and CUPA.

17 Utilizing I&E's recommended 8.45% ROE would incrementally reduce
18 my revenue requirement calculation by \$267,659 (Line 4 compared to Line 3).

19 Utilizing OCA's recommended 8.39% ROE and capital structure would reduce
20 my revenue calculation by \$281,041 (Line 5 compared to Line 3).

21

⁸ Rebuttal Testimony of Mathew R. Howard (CUPA Statement No. 8-R), p. 54.

⁹ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 8-9.

1 **RATE DESIGN**

2 ***Fully Projected Future Test Year Consumption***

3 **Q. PLEASE DESCRIBE YOUR RECOMMENDED CONSUMPTION**
4 **ADJUSTMENT.**

5 A. In my direct testimony, I recommended that the Commission reject CUPA's
6 proposal to decrease the FPFTY consumption levels by 4.38% per year, or 8.57%
7 over a two-year time period, between the FPFTY and the HTY. Instead, I
8 recommended the Commission should approve the HTY consumption levels for the
9 FPFTY without the proposed adjustment.¹⁰

10 **Q. HOW DID CUPA RESPOND TO YOUR RECOMMENDED**
11 **ADJUSTMENT?**

12 A. Mr. Gray disagrees with my recommendation. He asserts that the Company did not
13 rely on the consumption decline year-over-year to calculate the average annual
14 consumption decline. According to Mr. Gray, the year-over-year method would
15 have resulted in a higher average consumption decline, but this method was not
16 used by the Company. Instead, he claims that the Company used three different
17 period averages to normalize averages to account for temporary impacts that
18 COVID and the end of the pandemic may have had on consumption.¹¹

19 Mr. Gray also expresses concern that failing to recognize a meaningful
20 decrease in customer consumption patterns increases the likelihood that the
21 Company will under recover the level of revenues approved in this proceeding.¹²

¹⁰ Id. pp. 9-14.

¹¹ Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), p. 11.

¹² Id. p. 12.

1 **Q. HOW DO YOU RESPOND TO MR. GRAY’S CONCERN THAT FAILING**
2 **TO RECOGNIZE A MEANINGFUL DECREASE IN CUSTOMER**
3 **CONSUMPTION PATTERNS INCREASES THE LIKELIHOOD THAT**
4 **THE COMPANY WILL UNDER RECOVER THE LEVEL OF REVENUES**
5 **APPROVED IN THIS PROCEEDING?**

6 A. I agree that it is important for the consumption billing determinants that are used to
7 design rates to accurately represent expected usage during the FPFTY. As Mr.
8 Gray explains, if consumption is overstated, that increases the likelihood that the
9 Company will under recover the approved level of revenues. However, the
10 converse is also true. If consumption is understated, that will increase the
11 likelihood that the Company will over recover the approved level of revenues.

12 As I explained in my direct testimony, since revenue recovery is the product
13 of the consumption billing determinants and the proposed rates, a lower level of
14 consumption billing determinants requires a higher rate to recover the same target
15 revenue requirement. Conversely, a higher level of consumption billing
16 determinants requires a lower rate to recover the same target revenue requirement.¹³
17 All else being equal, the Company’s proposal to adjust the FPFTY consumption
18 levels downward by 8.57% relative to the HTY would require volumetric rates that
19 are 8.57% higher than would otherwise be required to recover the approved target
20 requirement absent the proposed the adjustment.

¹³ Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 12.

1 **Q. PLEASE EXPLAIN THE YEAR-OVER-YEAR CONSUMPTION DECLINE**
2 **METHODOLOGY REFERENCED BY MR. GRAY.**

3 A. Although CUPA does not base its proposed adjustment on the method that Mr. Gray
4 refers to as the year-over-year methodology, Mr. Gray claims that the Company's
5 proposed consumption adjustment results in a lower level of decline between the
6 HTY and FPPTY as compared to the year-over-year methodology. In support of
7 this claim, Mr. Gray provides annual consumption data for the three years
8 preceding the HTY and compares the consumption in the HTY directly to each of
9 these historical years. These results from Table 1 of Mr. Gray's rebuttal testimony
10 are reproduced in Table JB-1S below.

11 **Table JB-1S**
12 **CUPA Year-Over-Year Consumption Analysis¹⁴**

	Consumption	Difference Relative to HTY	
		\$	%
HTY	229,168,297		
Aug. 1, 2019 through Jul. 31, 2020	237,359,774	(8,191,477)	-3.45%
Aug. 1, 2020 through Jul. 31, 2021	250,376,069	(21,207,772)	-8.47%
Aug. 1, 2021 through Jul. 31, 2022	244,469,110	(15,300,813)	-6.26%
		Simple Average	-6.06%

13
14 **Q. WHAT IS YOUR ASSESSMENT OF MR. GRAY'S CLAIM REGARDING**
15 **THE RESULTS OF A YEAR-OVER-YEAR CONSUMPTION METHOD?**

16 A. As I explained in my direct testimony, I recommended that the Commission reject
17 the Company's proposed consumption decline adjustment because it is not
18 reasonable to assume that the decline in consumption that occurred as a result of a
19 return to normal policies after the COVID-19 pandemic will continue to occur

¹⁴ Reproduced from Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), Table 1, p. 12.

1 between the HTY and FPFTY.¹⁵ The fact that the Company did not rely on the
2 alternative analysis that Mr. Gray refers to as the year-over-year consumption
3 analysis, that also compares HTY consumption levels to consumption levels that
4 were experienced during the COVID-19 pandemic, does not justify the Company's
5 proposed adjustment.

6 Further, Mr. Gray's characterization of the consumption decline that would
7 result from a year-over-year methodology is misleading. The results that Mr. Gray
8 refers to as the year-over-year consumption analysis, which are reproduced in Table
9 JB-1S, do not actually compare the change in consumption levels from one year to
10 the next. Instead, the results compare the consumption in the HTY *separately to*
11 *each of the preceding three historical years*. In other words, the analysis measures
12 changes in consumption levels that occurred over *multiple years*.

13 For example, Mr. Gray's analysis shows that consumption was 3.45% lower
14 in the HTY (year ending July 31, 2023) than it was *three years earlier* during the
15 historical year ending July 31, 2020. This represents a cumulative annual growth
16 rate ("CAGR") of just -1.16% over the *three-year period*. The analysis also
17 indicates that consumption was 8.47% lower in the HTY than it was *two years prior*
18 during the historical year ending July 31, 2021 (during the height of the pandemic),
19 which represents a CAGR of -4.33% over the *two-year period*. And consumption
20 was 6.26% lower in the HTY than it was during the preceding year ending July 31,
21 2022.

¹⁵ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 11-12.

1 Further, if one looks at the change in consumption from one year to the next,
 2 where the consumption in a given year is actually compared to the consumption in
 3 the *immediately preceding year*, the results are very different. Table JB-2S below
 4 presents these results.

5 **Table JB-2S**
 6 **OSBA Year-Over-Year Consumption Analysis**

	Consumption	Difference Relative to Preceding Year	
		\$	%
Aug. 1, 2019 through Jul. 31, 2020	237,359,774		
Aug. 1, 2020 through Jul. 31, 2021	250,376,069	13,016,296	5.48%
Aug. 1, 2021 through Jul. 31, 2022	244,469,110	(5,906,959)	-2.36%
HTY	229,168,297	(15,300,813)	-6.26%
		Simple Average	1.56%

7
 8 As can be seen in Table JB-2S, consumption actually *increased* by 5.48%
 9 in the 12 months ending July 31, 2021, relative to the prior year. Then the
 10 consumption decreased by 2.36% during the subsequent year ending July 31, 2022,
 11 and then decreased again by 6.26% in the HTY.

12 **Q. NOTWITHSTANDING MR. GRAY’S EXPLANATION OF THE**
 13 **ALTERNATIVE YEAR-OVER-YEAR CONSUMPTION ANALYSIS, MR.**
 14 **GRAY ASSERTS THAT CUPA’S PROPOSED CONSUMPTION**
 15 **ADJUSTMENT IS ACTUALLY BASED ON AN ANALYSIS OF PERIOD**
 16 **AVERAGES. CAN YOU PLEASE ELABORATE REGARDING CUPA’S**
 17 **PROPOSED METHOD?**

18 A. Mr. Gray explains that the Company relied on an analysis that compared the HTY
 19 consumption to the 4-year average, 3-year average, and the 12-month period ending
 20 July 31, 2020, to determine its proposed consumption decline adjustment of 4.38%

1 per year. These results from Table 2 of Mr. Gray’s rebuttal testimony are
2 reproduced in Table JB-3S below.

3 **Table JB-3S**
4 **CUPA Consumption Analysis**
5 **Based on Historical Averages Compared to HTY¹⁶**

	Consumption	Difference Relative to	Decline
HTY	229,168,297		
Aug. 1, 2019 through Jul. 31, 2023 Avg.	240,343,312	(11,175,015)	-4.65%
Aug. 1, 2020 through Jul. 31, 2023 Avg.	241,337,825	(12,169,528)	-5.04%
Aug. 1, 2019 through Jul. 31, 2020	237,359,774	(8,191,477)	-3.45%
		Simple Average	-4.38%

6
7 Notably, the data that Mr. Gray provides in Table 2 of his rebuttal
8 testimony, reproduced in Table JB-3S above, is identical to the data I provided and
9 responded to in Table JB-2 in my direct testimony.¹⁷

10 **Q. DOES MR. GRAY PROVIDE EVIDENCE OF ANY OTHER FACTORS**
11 **THAT WOULD CONTRIBUTE TO A DECLINE IN CONSUMPTION**
12 **BESIDES THE POST-PANDEMIC RETURN TO NORMAL POLICIES?**

13 A. No, he does not.

14 **Q. HOW DO YOU RESPOND TO MR. GRAY’S REBUTTAL EXPLANATION**
15 **REGARDING THE ANALYSIS THAT THE COMPANY RELIED ON TO**
16 **SUPPORT ITS PROPOSED CONSUMPTION ADJUSTMENT?**

17 A. As I explained in my direct testimony, CUPA saw an increase in usage levels
18 between March 2020 through the end of 2022 due to more people being in their
19 homes *during the COVID-19 pandemic*. All of the period averages that CUPA
20 compares to the HTY in its consumption analysis reflect these increased usage

¹⁶ Reproduced from Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), Table 1, p. 12.

¹⁷ Direct Testimony of Justin Bieber (OSBA Statement No. 1), Table JB-2, p. 11.

1 levels that occurred *during the COVID-19 pandemic*. And as a result of return to
2 normal policies post-pandemic, CUPA has seen a decline in customers usage levels
3 when comparing its HTY to the preceding periods. However, it is not reasonable
4 to expect that this decline in usage associated with return to normal policies will
5 continue in the FTY and FPFTY. Nor does CUPA provide evidence of any other
6 factors that would contribute to a continued decline in consumption between the
7 HTY and FPFTY.

8 **Q. CAN YOU COMMENT REGARDING THE MAGNITUDE OF CUPA'S**
9 **PROPOSED CONSUMPTION DECLINE ADJUSTMENT?**

10 A. CUPA's proposed adjustment would result in a 4.38% year-over-year decline in
11 consumption between the HTY and FPFTY. This amounts to a cumulative 8.57%
12 decrease in consumption over the 2-year period.¹⁸ As can be seen in Table JB-1S
13 above, which provides the results of the alternative analysis that Mr. Gray refers to
14 as the year-over-year analysis, the cumulative consumption decline that occurred
15 over the 2-year period between the 12 months ending July 31, 2021 (during the
16 height of the pandemic) and the HTY was just 8.47%. Thus, the Company's
17 proposed consumption adjustment would actually result in a *more significant*
18 consumption decline between the HTY and FPFTY, relative to the decline that
19 actually occurred as a result of post-pandemic return to normal policies.

¹⁸ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 9-10.

1 **Q. WHAT RECOMMENDATION DOES MR. GRAY PROVIDE REGARDING**
2 **THE CONSUMPTION DECLINE IN HIS REBUTTAL TESTIMONY?**

3 A. Mr. Gray recommends that the Commission accept the Company's recommended
4 year over year decline of 4.38%, or at a minimum, approve the consumption decline
5 of 3.45%, which represents the difference between consumption levels during the
6 HTY relative to the consumption that occurred during the 12 months ending July
7 31, 2020.¹⁹

8 **Q. WHAT IS YOUR ASSESSMENT OF MR. GRAY'S ALTERNATIVE**
9 **RECOMMENDATION THAT THE COMMISSION APPROVE A**
10 **MINIMUM CONSUMPTION DECLINE OF 3.45%?**

11 A. As I explain above, the consumption decline of 3.45% represents the difference
12 between consumption levels during the HTY compared to the consumption that
13 occurred during the 12 months ending July 31, 2020. It is critical to recognize that
14 this decline in consumption occurred *over a three-year period*. On an annual basis,
15 this would be equivalent to a year over year *annual decline* of 1.16%.

16 **Q. WHAT IS YOUR RESPONSE TO MR. GRAY'S RECOMMENDATION?**

17 A. I continue to recommend that the Commission reject CUPA's proposal to decrease
18 the FPFTY consumption levels by 4.38% per year. While CUPA's analysis
19 indicates that consumption levels decreased in the HTY relative to historical
20 consumption levels that occurred during the COVID-19 pandemic, it is not
21 reasonable to expect that this decline in usage associated with post-pandemic return
22 to normal policies will continue in the FTY and FPFTY. Instead, the Commission

¹⁹ Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), p. 13.

1 should approve the HTY consumption levels for the FPFTY without the proposed
2 adjustment.

3 However, to the extent that the Commission accepts Mr. Gray’s alternative
4 recommendation, to approve a consumption decline of 3.45%, which represents the
5 difference between consumption levels during the HTY when comparing the
6 consumption that occurred during the 12 months ending July 31, 2020, then the
7 Commission should also recognize that the 3.45% decline *occurred over a three-*
8 *year period.* Specifically, if the Commission accepts a 3.45% decline over a three-
9 year period as an acceptable benchmark to forecast future consumption declines in
10 the FTY and FPFTY, then it should pro rate the decline on an annual basis. As I
11 explain above, a 3.45% decline over a three-year period is equivalent to a year over
12 year *annual* decline of 1.16%.

13

14 ***Residential and Commercial Volumetric Rates for Water Service***

15 **Q. PLEASE DESCRIBE YOUR RECOMMENDATION REGARDING THE**
16 **DIFFERENTIAL BETWEEN RESIDENTIAL AND COMMERCIAL**
17 **VOLUMETRIC RATES.**

18 A. I continue to recommend that residential and commercial customers continue to pay
19 different volume charges for water service. As I explained in my direct testimony,
20 CUPA’s current commercial water volume charges are approximately 5.1% lower
21 than the residential volume charges. Specifically, I recommend that the commercial

1 volume charges continue to be discounted by 5.1% relative to residential volume
2 charges.²⁰

3 **Q. HOW DID CUPA RESPOND TO YOUR RECOMMENDATION?**

4 A. CUPA witness Scott Miller claims that the existing rate differential is the result of
5 a stipulation, which reflects a middle ground compromise between parties in the
6 prior general rate case. Mr. Miller explains that the current 5.1% rate differential
7 is derived from a calculation based on the current tariff rates, but the specific 5.1%
8 number is not found in the testimony, exhibits, or Commission Order from the prior
9 general rate case. He therefore claims that the calculation does not have direct
10 relevance to the actual cost of service and that utilizing it to set rates going forward
11 would perpetuate what is in effect an irrelevant data point.²¹

12 Mr. Miller acknowledges that it can sometimes be true that higher volume
13 customers generally use the utility infrastructure more efficiently but asserts that it
14 is not always true. In this case, Mr. Miller claims that CUPA's systems are
15 primarily residential, and that while there are a handful of commercial customers
16 that use somewhat larger monthly amounts of water, their usage patterns do not
17 warrant a separate rate class or rate differential.²²

18 Mr. Miller also claims that maintaining the existing rate differential does
19 not reflect the actual cost of service and would cause residential customers to pay
20 incrementally more than would otherwise be required.²³

²⁰Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 15.

²¹ Rebuttal Testimony of Scott A. Miller (CUPA Statement 7-R), p. 3.

²² *Id.*

²³ *Id.* p. 4.

1 **Q. HOW DO YOU RESPOND TO MR. MILLER'S CLAIM THAT THE**
2 **CURRENT RATE DIFFERENTIAL DOES NOT HAVE DIRECT**
3 **RELEVANCE TO THE ACTUAL COST OF SERVICE AND IS AN**
4 **IRRELVANT DATA POINT?**

5 A. Regardless of whether the current rate design structure was the result of a negotiated
6 settlement or a litigated proceeding, the resulting current rates were approved by
7 the Commission and deemed to be just and reasonable. Therefore, the current rate
8 design is not irrelevant.

9 **Q. DOES MR. MILLER PROVIDE ANY EVIDENCE TO SUPPORT HIS**
10 **CLAIM THAT COMMERCIAL CUSTOMER USAGE PATTERNS DO**
11 **NOT WARRANT A SEPARATE RATE CLASS OR DIFFERENTIAL?**

12 A. In support of his claim, Mr. Miller provides the following information regarding
13 the usage patterns for residential and commercial customers:

- 14 • Commercial customers in CUPA's Consolidated territories average
15 approximately 3,094 gallons per month, compared to 3,455 gallons per
16 month for residential customers.
- 17 • Commercial customers in Tamiment average approximately 15,027 gallons
18 per month, compared to 2,539 gallons per month for residential customers.
- 19 • Commercial customers in Tamiment represent 4 customers out of a total
20 493 customers on the Tamiment system.

21 **Q. WHAT IS YOUR ASSESSMENT OF THESE USAGE PATTERNS?**

22 A. I agree with Mr. Miller that there are a few commercial customers that have higher
23 consumption levels than the large majority of residential customers on the system.

1 In particular, in the Tamiment service territory, the average commercial usage is
2 *5.9 times higher* than the average residential usage.²⁴ However, I disagree with Mr.
3 Miller that these differing usage patterns do not warrant a rate differential for the
4 volumetric charge. On the contrary, the fact that there are a few commercial
5 customers with such significantly higher usage levels underscores the need to
6 maintain the existing differential between residential and commercial volumetric
7 rates.

8 **Q. HOW DO YOU RESPOND TO MR. MILLER'S CLAIM THAT THE**
9 **PROPOSED RATE DIFFERENTIAL WOULD CAUSE RESIDENTIAL**
10 **CUSTOMERS TO PAY INCREMENTALLY MORE.**

11 A. As I explained in my direct testimony, my recommendation to modify CUPAs
12 proposed rates to maintain the existing rate differential would cause only a 0.1%
13 increase to the residential volume charge.²⁵

14 **Q. HOW DO YOU RESPOND TO MR. MILLER'S CLAIM THAT THE**
15 **CURRENT RATE DIFFERENTIAL DOES NOT REFLECT THE ACTUAL**
16 **COST OF SERVICE?**

17 A. As I explain above, the current rate design was approved by the Commission and
18 determined to be just and reasonable. Since the Company is proposing to modify
19 the *existing* rate design by eliminating the rate differential in this proceeding, the
20 burden of proof should be on the Company to demonstrate that there is not a
21 meaningful difference in the cost of service between residential and commercial
22 customers. However, the Company's CCOSS for water service only utilizes one

²⁴ 15,027 gallons per month commercial usage ÷ 2,539 gallons per month residential usage = 5.91.

²⁵ Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 18.

1 customer class. Since the CCOSS does not separately allocate or assign costs
2 between residential and commercial customers, there is no evidence to demonstrate
3 that the existing rate differential is no longer appropriate.

4 **Q. HOW DID THE OCA RESPOND TO YOUR RECOMMENDATION**
5 **REGARDING THE DIFFERENTIAL BETWEEN RESIDENTIAL AND**
6 **COMMERCIAL VOLUMETRIC RATES.?**

7 A. OCA witness Jerome Mierzwa claims that I did not present a cost of service
8 justification to demonstrate that commercial volume charges should be lower than
9 residential volume charges. Mr. Mierzwa also claims that my recommendation is
10 inconsistent because there are currently different residential and commercial
11 customer charges for customers with 5/8” meters in the Tamiment service territory,
12 but the Company’s proposed rate design would implement the same customer
13 charge for these customers.

14 Lastly, Mr. Mierzwa claims that according to CUPA’s notice of proposed
15 rate changes, under CUPA’s proposed rate design, commercial customers would
16 receive an average bill increase of 57.70%, which is slightly lower than the average
17 residential bill increase of 58.65%.²⁶

²⁶ Rebuttal Testimony of Jerome D. Mierzwa (OCA Statement No. 4-R), p. 7.

1 **Q. HOW DO YOU RESPOND TO MR. MIERZWA’S ASSERTION THAT YOU**
2 **DID NOT PRESENT COST OF SERVICE JUSTIFICATION TO**
3 **DEMONSTRATE THAT COMMERCIAL VOLUME CHARGES SHOULD**
4 **BE LOWER THAN RESIDENTIAL VOLUME CHARGES?**

5 A. As I explain above, the current rate differential was approved by the Commission
6 in CUPA’s last general rate case and deemed to be just and reasonable. Since none
7 of the CCOSS for water service provided by parties in this proceeding have
8 separately allocated or assigned costs between residential and commercial
9 customers, there is no evidence to demonstrate that the *existing* rate differential is
10 no longer appropriate.

11 **Q. HOW DO YOU RESPOND TO MR. MIERZWA’S CRITICISM THAT YOU**
12 **ACCEPTED THE COMPANY’S PROPOSAL TO ADOPT CONSISTENT**
13 **CUSTOMER CHARGES FOR RESIDENTIAL AND COMMERCIAL**
14 **CUSTOMERS IN THE TAMIMENT SERVICE TERRITORY?**

15 A. In the last general rate case, the stipulation that was approved by the Commission
16 included a full consolidation of rates between service territories in the next rate case
17 (i.e., this instant proceeding). The proposal to *consolidate rates between water*
18 *territories* means that there will be a single set of rates for all customers regardless
19 of which water territory they are located in. This issue is separate and distinct from
20 CUPA’s proposal to *allocate costs to a single customer class* within the CCOSS.²⁷

21 While there is currently a rate differential between the residential and
22 commercial customers in Tamiment, there is no differential between residential and

²⁷ Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 15.

1 commercial customer charges in the Consolidated Territories. Given the
2 commitment in the stipulation in CUPA's prior general rate case to consolidate
3 rates between territories, and the fact that the large majority of commercial
4 customers are in the Consolidated Territories, not Tamiment, it is reasonable for
5 the Company to utilize the existing customer charge rate structure from the
6 Consolidated Territories on a going forward basis.

7 **Q. HOW DO YOU RESPOND TO MR. MIERZWA'S CLAIM, THAT ABSENT**
8 **YOUR PROPOSAL TO MAINTAIN THE EXISTING VOLUMETRIC**
9 **RATE DIFFERENTIAL, THAT COMMERCIAL CUSTOMERS WILL**
10 **EXPERIENCE A LOWER RATE INCREASE THAN RESIDENTIAL**
11 **CUSTOMERS?**

12 A. The notice issued by CUPA in this proceeding indicated that the *average* bill for
13 commercial customers would increase by slightly lower amount than the *average*
14 residential bill *at the Company's proposed rates*. However, larger commercial
15 customers would experience much larger and disparate rate impacts. For example,
16 under the Company's proposed rates, CUPA estimated that a Tamiment
17 commercial customer with a 6" meter and 390,000 gallons of monthly usage would
18 experience a rate increase of 115.16%, nearly double the average rate increase for
19 all other customers.²⁸

²⁸ Direct Testimony of Scott A. Miller (CUPA Exhibit SAM-2), p. 19.

1 **Q. ARE THERE ANY OTHER REASONS WHY IT IS IMPORTANT TO**
2 **MAINTAIN THE EXISTING DIFFERENTIAL BETWEEN RESIDENTIAL**
3 **AND COMMERCIAL VOLUMETRIC CHARGES?**

4 A. The existing low-income volumetric rate provides a discount of 35% relative to the
5 residential volumetric rate. This requires a slightly higher volumetric rate from
6 other customers to recover the low-income subsidy. Since the low-income discount
7 is based on the residential rate it is important to maintain the existing rate
8 differential between residential and commercial volume charges to avoid
9 unintended cost shifting of the low-income subsidy.

10

11 *Corporate Allocations Expense*

12 **Q. PLEASE EXPLAIN YOUR POSITION REGARDING THE ASSIGNMENT**
13 **OF CORPORATE ALLOCATION EXPENSES.**

14 A. As I explained in my rebuttal testimony, I agree that it is inappropriate to include
15 100% of corporate allocation expenses in the customer charge, but it would still be
16 appropriate to allocate a non-zero portion of the corporate allocation expense to the
17 billing and collecting function.²⁹ Therefore, I did not object to Mr. Mierzwa's
18 recommendation to assign indirect corporate services costs to all cost functions
19 based on allocation factor 7.

20 In Mr. Miller's rebuttal testimony, he explains that corporate services
21 include billing, among other services.³⁰ I would like to clarify that my non-
22 objection to Mr. Mierzwa's proposed allocation of corporate service expenses

²⁹ Rebuttal Testimony of Justin Bieber (OSBA Statement No. 1-R), pp. 3-4.

³⁰ Rebuttal Testimony of Scott A. Miller (CUPA Statement 7-R), p. 8.

1 applies to the assignment of *indirect* corporate costs such as governance, legal,
2 regulatory compliance, etc. However, corporate expenses that are *directly* related
3 to billing and customer service should still be assigned to the billing and collecting
4 function.

5 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

6 A. Yes, it does.

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

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

VERIFICATION

I, Justin Bieber, hereby state that the facts set forth in my Surrebuttal Testimony labeled OSBA Statement No. 1-S, and associated exhibit JB-8, are correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: March 17, 2024



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.
	:	R-2023-3042804 (Water)
	:	C-2023-3044494
v.	:	R-2023-3042805 (Wastewater)
	:	C-2023-3044528
Community Utilities of Pennsylvania Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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DATE: March 19, 2024

/s/ Sharon E. Webb _____
Sharon E. Webb
Assistant Small Business Advocate
Attorney I.D. No. 73995



COMMONWEALTH OF PENNSYLVANIA

March 19, 2024

The Honorable Alphonso Arnold III
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

The Honorable Steven Haas
Administrative Law Judge
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120

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

Dear Presiding Judges:

Enclosed please find Surrebuttal Testimony of Justin Bieber labeled OSBA Statement No. 1-S and associated Exhibit JB-8, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

As evidenced by the enclosed Certificate of Service, all known parties will be served, as indicated.

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: PA PUC Secretary Rosemary Chiavetta (Cover Letter & Certificate of Service only)
Justin Bieber
Kevin Higgins
Parties of Record

BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA

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

Surrebuttal Testimony of Justin Bieber

on behalf of

Pennsylvania Office of Small Business Advocate

March 19, 2024

Topics:

Revenue Requirement

Return on Equity

Rate Design

Cost Allocation

Date Served: March 19, 2024

Date Submitted for the Record: _____

1 **SURREBUTTAL TESTIMONY OF JUSTIN BIEBER**

2

3 **INTRODUCTION**

4 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Justin Bieber. My business address is 111 East Broadway, Suite 1200,
6 Salt Lake City, Utah, 84111.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a
9 private consulting firm specializing in economic and policy analysis applicable to
10 energy production, transportation, and consumption.

11 **Q. ARE YOU THE SAME JUSTIN BIEBER WHO FILED DIRECT AND**
12 **REBUTTAL TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE**
13 **PENNSYLVANIA OFFICE OF SMALL BUSINESS ADVOCATE**
14 **(“OSBA”)?**

15 A. Yes.

16 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**
17 **THIS PROCEEDING?**

18 A. My testimony responds to the Rebuttal testimony of the Community Utilities of
19 Pennsylvania Inc. (“CUPA” or the “Company”) witness Anthony Gray regarding
20 revenue requirement and rate design issues.

21 I respond to CUPA witness Matthew R. Howard and Bureau of
22 Investigation and Enforcement (“I&E”) witness D. C. Patel regarding my use of a
23 9.65% proxy return on equity (“ROE”) in my revenue requirement calculations.

1 I also respond to CUPA witness Scott A. Miller and Jerome D. Mierzwa on
2 behalf of the Pennsylvania Office of Consumer Advocate (“OCA”) witness
3 regarding rate design.

4 **Q. WHAT CONCLUSIONS DO YOU OFFER IN YOUR REBUTTAL**
5 **TESTIMONY?**

6 A. I offer the following conclusions:

7 1) I continue to recommend that 40% of the expenses associated with the Employee
8 Incentive Plan (“EIP”) be removed from the revenue requirement.

9 2) I explain my use of a 9.65% proxy ROE in my direct revenue requirement
10 calculations and provide the results of my revenue requirement calculation using
11 the costs of capital recommended by I&E and OCA in Schedule JB-8.

12 3) I continue to recommend that that the Commission reject CUPA’s proposal to
13 decrease the Historical Test Year (“HTY”) consumption volumes in the Future Test
14 Year (“FTY”) and Fully Projected Future Test Year (“FPFTY”) by 4.38% year over
15 year. Instead, the Commission should approve the same FPFTY consumption
16 levels as the HTY.

17 4) I continue to recommend that the current rate differential between residential and
18 commercial volume charges for water service should be maintained.

19 5) In my rebuttal testimony, I did not object to Mr. Mierzwa’s recommendation to
20 assign corporate services costs to all cost functions based on allocation factor 7.¹

21 In my surrebuttal, I clarify that my non-objection applies to the assignment of
22 indirect corporate costs such as governance, legal, regulatory compliance, etc.

¹ Rebuttal Testimony of Justin Bieber (OSBA Statement No. 1-R), pp. 3-4.

1 However, corporate expenses that are directly related to billing and customer
2 service should still be assigned to the billing and collecting function.

3

4 **REVENUE REQUIREMENT ADJUSTMENTS**

5 *Employee Incentive Plan Expense*

6 **Q. PLEASE DESCRIBE YOUR ADJUSTMENTS FOR THE EIP EXPENSE.**

7 A. In my direct testimony, I recommend that 40% of the EIP expense, reflecting the
8 portion of the EIP awarded based on financial metrics, should be removed from the
9 revenue requirement.²

10 **Q. HOW DID CUPA RESPOND TO YOUR RECOMMENDED**
11 **ADJUSTMENT?**

12 A. Mr. Gray disagrees with my adjustment in his rebuttal testimony, arguing that
13 incentivizing employees for financial performance serves the customer interest and
14 should be recovered in rates. According to Mr. Gray, based on Supreme Court
15 precedent, the Company is allowed an opportunity to achieve its authorized return
16 for investors in order to maintain financial viability and attract capital. He claims
17 that using a financial incentive as one of several tools to maintain a strong utility is
18 simply consistent with the Supreme Court's ruling.³

19 Mr. Gray also claims that for a regulated monopoly company, such as a
20 utility, that cannot change rates independently, controlling operating costs and
21 managing prudent capital investments are the only meaningful ways a regulated
22 utility can earn an authorized return. He therefore claims that incentivizing

² Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 8.

³ Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), p. 23.

1 financial management is necessary and practical and has direct benefits to
2 customers.⁴

3 Additionally, Mr. Gray asserts that the EIP helps attract and retain quality
4 employees in a competitive market which benefits customers by reducing
5 turnover.⁵

6 **Q. HOW DO YOU RESPOND TO MR. GRAY'S ASSERTION THAT USING**
7 **FINANCIAL INCENTIVES TO MAINTAIN A STRONG UTILITY IS**
8 **SIMPLY CONSISTENT WITH THE SUPREME COURT'S RULING?**

9 A. While Mr. Gray does not cite the specific Supreme Court ruling, I do not disagree
10 that regulated monopoly utilities are allowed an opportunity to earn an authorized
11 return. However, the mere fact that utilities are allowed an opportunity to earn a
12 return, which is a basic tenet of ratemaking, does not logically justify the need for
13 employee incentive payments tied to financial performance to be recovered from
14 the utility's customers, as opposed to shareholders. In other words, the opportunity
15 for a utility to earn an authorized return is not contingent on a utility's ability to
16 recover the cost of employee incentive payments tied to financial performance from
17 its ratepayers.

⁴ *Id.*

⁵ *Id.*

1 **Q. MR. GRAY ASSERTS THAT CONTROLLING OPERATING COSTS AND**
2 **MANAGING PRUDENT CAPITAL INVESTMENTS ARE THE ONLY**
3 **MEANINGFUL WAYS A REGULATED MONOPOLY UTILITY CAN**
4 **EARN AN AUTHORIZED RETURN, AND THEREFORE**
5 **INCENTIVIZING FINANCIAL MANAGEMENT IS NECESSARY AND**
6 **HAS DIRECT BENEFITS TO CUSTOMERS. HOW DO YOU RESPOND**
7 **TO THIS ASSERTION?**

8 A. I do not disagree with Mr. Gray that controlling operating costs and managing
9 prudent capital investments are important objectives that can help a regulated
10 monopoly utility earn its authorized return. But again, this premise does not
11 logically support his argument that incentivizing financial management through
12 customer rates is necessary and has direct benefits to customers. On the contrary,
13 financial incentives have the potential to be misaligned with customer interests. For
14 example, a monopoly utility that earns a return on capital investments in rate base
15 has a financial incentive to make additional capital investments that can result in
16 higher returns. However, in some circumstances, this incentive can potentially be
17 misaligned with the objective of managing only prudent capital investments to
18 minimize costs for customers.

19 **Q. HOW DO YOU RESPOND TO MR. GRAY'S ASSERTION THAT THE EIP**
20 **HELPS ATTRACT AND RETAIN QUALITY EMPLOYEES TO THE**
21 **BENEFIT OF CUSTOMERS.**

22 A. While the EIP may be a helpful tool to attract and retain quality employees, an
23 incentive program that is based on goals such as customer satisfaction, operating

1 efficiency, environment and safety can also be an effective tool to attract and retain
2 employees.

3 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS REGARDING**
4 **EIP EXPENSES.**

5 A. I continue to recommend that the portion of the EIP expense tied to financial
6 performance should be removed from the revenue requirement. While rewarding
7 employees for financial performance can be entirely appropriate, the responsibility
8 for funding such awards rests most appropriately with shareholders, who are the
9 primary beneficiaries of meeting or exceeding financial targets.

10

11 *Proxy ROE Adjustment*

12 **Q. PLEASE DESCRIBE YOUR PROXY ROE ADJUSTMENT.**

13 A. I utilized the 9.65% ROE authorized by the Commission for the DSIC for most
14 water utilities in the state as a proxy in my revenue requirement calculation.⁶

15 **Q. DO ANY PARTIES TAKE ISSUE WITH YOUR USE OF THIS**
16 **PLACEHOLDER ROE?**

17 A. Yes. Mr. Patel disagrees with my use of the DSIC ROE of 9.65% in this proceeding
18 because I did not conduct an analysis for the ROE but simply utilized a proxy value.
19 Mr. Patel argues that the DSIC rate is not a proper measurement of ROE because it
20 is subject to change at quarterly intervals. Mr. Patel also explains that the DSIC
21 mechanism serves to lower a utility's risk because it reduces regulatory lag.⁷

⁶ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 8-9.

⁷ Rebuttal Testimony of D.C. Patel (I&E Statement No. 2-R), pp. 5.

1 CUPA witness Matthew Howard also responds to my adjustment, indicating
2 that I did not conduct a formal ROE analysis.⁸

3 **Q. HOW DO YOU RESPOND TO THESE CONCERNS?**

4 A. To clarify, I am not suggesting that the DSIC ROE be adopted in this proceeding
5 in the absence of a detailed ROE analysis. As I explained in my direct testimony,
6 my use of the 9.65% DSIC ROE is not intended to supplant the Commission's
7 consideration of traditional cost of capital analyses offered by other parties in this
8 proceeding.⁹

9 **Q. HAVE YOU ANALYZED THE IMPACT OF OTHER PARTIES' COST OF**
10 **CAPITAL RECOMMENDATIONS ON YOUR REVENUE**
11 **REQUIREMENT CALCULATIONS?**

12 A. Yes. In Schedule JB-8, I provide a summary of the total revenue increases that
13 would result from utilizing I&E's and OCA's recommended costs of capital in my
14 revenue requirement calculations. For comparison purposes, I also summarize the
15 total revenue increases that I recommended in my direct testimony, as well as
16 those recommended by I&E, OCA and CUPA.

17 Utilizing I&E's recommended 8.45% ROE would incrementally reduce
18 my revenue requirement calculation by \$267,659 (Line 4 compared to Line 3).

19 Utilizing OCA's recommended 8.39% ROE and capital structure would reduce
20 my revenue calculation by \$281,041 (Line 5 compared to Line 3).

21

⁸ Rebuttal Testimony of Mathew R. Howard (CUPA Statement No. 8-R), p. 54.

⁹ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 8-9.

1 **RATE DESIGN**

2 ***Fully Projected Future Test Year Consumption***

3 **Q. PLEASE DESCRIBE YOUR RECOMMENDED CONSUMPTION**
4 **ADJUSTMENT.**

5 A. In my direct testimony, I recommended that the Commission reject CUPA’s
6 proposal to decrease the FPFTY consumption levels by 4.38% per year, or 8.57%
7 over a two-year time period, between the FPFTY and the HTY. Instead, I
8 recommended the Commission should approve the HTY consumption levels for the
9 FPFTY without the proposed adjustment.¹⁰

10 **Q. HOW DID CUPA RESPOND TO YOUR RECOMMENDED**
11 **ADJUSTMENT?**

12 A. Mr. Gray disagrees with my recommendation. He asserts that the Company did not
13 rely on the consumption decline year-over-year to calculate the average annual
14 consumption decline. According to Mr. Gray, the year-over-year method would
15 have resulted in a higher average consumption decline, but this method was not
16 used by the Company. Instead, he claims that the Company used three different
17 period averages to normalize averages to account for temporary impacts that
18 COVID and the end of the pandemic may have had on consumption.¹¹

19 Mr. Gray also expresses concern that failing to recognize a meaningful
20 decrease in customer consumption patterns increases the likelihood that the
21 Company will under recover the level of revenues approved in this proceeding.¹²

¹⁰ Id. pp. 9-14.

¹¹ Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), p. 11.

¹² Id. p. 12.

1 **Q. HOW DO YOU RESPOND TO MR. GRAY’S CONCERN THAT FAILING**
2 **TO RECOGNIZE A MEANINGFUL DECREASE IN CUSTOMER**
3 **CONSUMPTION PATTERNS INCREASES THE LIKELIHOOD THAT**
4 **THE COMPANY WILL UNDER RECOVER THE LEVEL OF REVENUES**
5 **APPROVED IN THIS PROCEEDING?**

6 A. I agree that it is important for the consumption billing determinants that are used to
7 design rates to accurately represent expected usage during the FPFTY. As Mr.
8 Gray explains, if consumption is overstated, that increases the likelihood that the
9 Company will under recover the approved level of revenues. However, the
10 converse is also true. If consumption is understated, that will increase the
11 likelihood that the Company will over recover the approved level of revenues.

12 As I explained in my direct testimony, since revenue recovery is the product
13 of the consumption billing determinants and the proposed rates, a lower level of
14 consumption billing determinants requires a higher rate to recover the same target
15 revenue requirement. Conversely, a higher level of consumption billing
16 determinants requires a lower rate to recover the same target revenue requirement.¹³
17 All else being equal, the Company’s proposal to adjust the FPFTY consumption
18 levels downward by 8.57% relative to the HTY would require volumetric rates that
19 are 8.57% higher than would otherwise be required to recover the approved target
20 requirement absent the proposed the adjustment.

¹³ Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 12.

1 **Q. PLEASE EXPLAIN THE YEAR-OVER-YEAR CONSUMPTION DECLINE**
2 **METHODOLOGY REFERENCED BY MR. GRAY.**

3 A. Although CUPA does not base its proposed adjustment on the method that Mr. Gray
4 refers to as the year-over-year methodology, Mr. Gray claims that the Company’s
5 proposed consumption adjustment results in a lower level of decline between the
6 HTY and FPPTY as compared to the year-over-year methodology. In support of
7 this claim, Mr. Gray provides annual consumption data for the three years
8 preceding the HTY and compares the consumption in the HTY directly to each of
9 these historical years. These results from Table 1 of Mr. Gray’s rebuttal testimony
10 are reproduced in Table JB-1S below.

11 **Table JB-1S**
12 **CUPA Year-Over-Year Consumption Analysis¹⁴**

	Consumption	Difference Relative to HTY	
		\$	%
HTY	229,168,297		
Aug. 1, 2019 through Jul. 31, 2020	237,359,774	(8,191,477)	-3.45%
Aug. 1, 2020 through Jul. 31, 2021	250,376,069	(21,207,772)	-8.47%
Aug. 1, 2021 through Jul. 31, 2022	244,469,110	(15,300,813)	-6.26%
		Simple Average	-6.06%

13
14 **Q. WHAT IS YOUR ASSESSMENT OF MR. GRAY’S CLAIM REGARDING**
15 **THE RESULTS OF A YEAR-OVER-YEAR CONSUMPTION METHOD?**

16 A. As I explained in my direct testimony, I recommended that the Commission reject
17 the Company’s proposed consumption decline adjustment because it is not
18 reasonable to assume that the decline in consumption that occurred as a result of a
19 return to normal policies after the COVID-19 pandemic will continue to occur

¹⁴ Reproduced from Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), Table 1, p. 12.

1 between the HTY and FPFTY.¹⁵ The fact that the Company did not rely on the
2 alternative analysis that Mr. Gray refers to as the year-over-year consumption
3 analysis, that also compares HTY consumption levels to consumption levels that
4 were experienced during the COVID-19 pandemic, does not justify the Company's
5 proposed adjustment.

6 Further, Mr. Gray's characterization of the consumption decline that would
7 result from a year-over-year methodology is misleading. The results that Mr. Gray
8 refers to as the year-over-year consumption analysis, which are reproduced in Table
9 JB-1S, do not actually compare the change in consumption levels from one year to
10 the next. Instead, the results compare the consumption in the HTY *separately to*
11 *each of the preceding three historical years*. In other words, the analysis measures
12 changes in consumption levels that occurred over *multiple years*.

13 For example, Mr. Gray's analysis shows that consumption was 3.45% lower
14 in the HTY (year ending July 31, 2023) than it was *three years earlier* during the
15 historical year ending July 31, 2020. This represents a cumulative annual growth
16 rate ("CAGR") of just -1.16% over the *three-year period*. The analysis also
17 indicates that consumption was 8.47% lower in the HTY than it was *two years prior*
18 during the historical year ending July 31, 2021 (during the height of the pandemic),
19 which represents a CAGR of -4.33% over the *two-year period*. And consumption
20 was 6.26% lower in the HTY than it was during the preceding year ending July 31,
21 2022.

¹⁵ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 11-12.

1 Further, if one looks at the change in consumption from one year to the next,
 2 where the consumption in a given year is actually compared to the consumption in
 3 the *immediately preceding year*, the results are very different. Table JB-2S below
 4 presents these results.

5 **Table JB-2S**
 6 **OSBA Year-Over-Year Consumption Analysis**

	Consumption	Difference Relative to Preceding Year	
		\$	%
Aug. 1, 2019 through Jul. 31, 2020	237,359,774		
Aug. 1, 2020 through Jul. 31, 2021	250,376,069	13,016,296	5.48%
Aug. 1, 2021 through Jul. 31, 2022	244,469,110	(5,906,959)	-2.36%
HTY	229,168,297	(15,300,813)	-6.26%
		Simple Average	1.56%

7
 8 As can be seen in Table JB-2S, consumption actually *increased* by 5.48%
 9 in the 12 months ending July 31, 2021, relative to the prior year. Then the
 10 consumption decreased by 2.36% during the subsequent year ending July 31, 2022,
 11 and then decreased again by 6.26% in the HTY.

12 **Q. NOTWITHSTANDING MR. GRAY’S EXPLANATION OF THE**
 13 **ALTERNATIVE YEAR-OVER-YEAR CONSUMPTION ANALYSIS, MR.**
 14 **GRAY ASSERTS THAT CUPA’S PROPOSED CONSUMPTION**
 15 **ADJUSTMENT IS ACTUALLY BASED ON AN ANALYSIS OF PERIOD**
 16 **AVERAGES. CAN YOU PLEASE ELABORATE REGARDING CUPA’S**
 17 **PROPOSED METHOD?**

18 A. Mr. Gray explains that the Company relied on an analysis that compared the HTY
 19 consumption to the 4-year average, 3-year average, and the 12-month period ending
 20 July 31, 2020, to determine its proposed consumption decline adjustment of 4.38%

1 per year. These results from Table 2 of Mr. Gray’s rebuttal testimony are
 2 reproduced in Table JB-3S below.

3 **Table JB-3S**
 4 **CUPA Consumption Analysis**
 5 **Based on Historical Averages Compared to HTY¹⁶**

	Consumption	Difference Relative to	Decline
HTY	229,168,297		
Aug. 1, 2019 through Jul. 31, 2023 Avg.	240,343,312	(11,175,015)	-4.65%
Aug. 1, 2020 through Jul. 31, 2023 Avg.	241,337,825	(12,169,528)	-5.04%
Aug. 1, 2019 through Jul. 31, 2020	237,359,774	(8,191,477)	-3.45%
		Simple Average	-4.38%

6
 7 Notably, the data that Mr. Gray provides in Table 2 of his rebuttal
 8 testimony, reproduced in Table JB-3S above, is identical to the data I provided and
 9 responded to in Table JB-2 in my direct testimony.¹⁷

10 **Q. DOES MR. GRAY PROVIDE EVIDENCE OF ANY OTHER FACTORS**
 11 **THAT WOULD CONTRIBUTE TO A DECLINE IN CONSUMPTION**
 12 **BESIDES THE POST-PANDEMIC RETURN TO NORMAL POLICIES?**

13 A. No, he does not.

14 **Q. HOW DO YOU RESPOND TO MR. GRAY’S REBUTTAL EXPLANATION**
 15 **REGARDING THE ANALYSIS THAT THE COMPANY RELIED ON TO**
 16 **SUPPORT ITS PROPOSED CONSUMPTION ADJUSTMENT?**

17 A. As I explained in my direct testimony, CUPA saw an increase in usage levels
 18 between March 2020 through the end of 2022 due to more people being in their
 19 homes *during the COVID-19 pandemic*. All of the period averages that CUPA
 20 compares to the HTY in its consumption analysis reflect these increased usage

¹⁶ Reproduced from Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), Table 1, p. 12.

¹⁷ Direct Testimony of Justin Bieber (OSBA Statement No. 1), Table JB-2, p. 11.

1 levels that occurred *during the COVID-19 pandemic*. And as a result of return to
2 normal policies post-pandemic, CUPA has seen a decline in customers usage levels
3 when comparing its HTY to the preceding periods. However, it is not reasonable
4 to expect that this decline in usage associated with return to normal policies will
5 continue in the FTY and FPFTY. Nor does CUPA provide evidence of any other
6 factors that would contribute to a continued decline in consumption between the
7 HTY and FPFTY.

8 **Q. CAN YOU COMMENT REGARDING THE MAGNITUDE OF CUPA'S**
9 **PROPOSED CONSUMPTION DECLINE ADJUSTMENT?**

10 A. CUPA's proposed adjustment would result in a 4.38% year-over-year decline in
11 consumption between the HTY and FPFTY. This amounts to a cumulative 8.57%
12 decrease in consumption over the 2-year period.¹⁸ As can be seen in Table JB-1S
13 above, which provides the results of the alternative analysis that Mr. Gray refers to
14 as the year-over-year analysis, the cumulative consumption decline that occurred
15 over the 2-year period between the 12 months ending July 31, 2021 (during the
16 height of the pandemic) and the HTY was just 8.47%. Thus, the Company's
17 proposed consumption adjustment would actually result in a *more significant*
18 consumption decline between the HTY and FPFTY, relative to the decline that
19 actually occurred as a result of post-pandemic return to normal policies.

¹⁸ Direct Testimony of Justin Bieber (OSBA Statement No. 1), pp. 9-10.

1 **Q. WHAT RECOMMENDATION DOES MR. GRAY PROVIDE REGARDING**
2 **THE CONSUMPTION DECLINE IN HIS REBUTTAL TESTIMONY?**

3 A. Mr. Gray recommends that the Commission accept the Company's recommended
4 year over year decline of 4.38%, or at a minimum, approve the consumption decline
5 of 3.45%, which represents the difference between consumption levels during the
6 HTY relative to the consumption that occurred during the 12 months ending July
7 31, 2020.¹⁹

8 **Q. WHAT IS YOUR ASSESSMENT OF MR. GRAY'S ALTERNATIVE**
9 **RECOMMENDATION THAT THE COMMISSION APPROVE A**
10 **MINIMUM CONSUMPTION DECLINE OF 3.45%?**

11 A. As I explain above, the consumption decline of 3.45% represents the difference
12 between consumption levels during the HTY compared to the consumption that
13 occurred during the 12 months ending July 31, 2020. It is critical to recognize that
14 this decline in consumption occurred *over a three-year period*. On an annual basis,
15 this would be equivalent to a year over year *annual decline* of 1.16%.

16 **Q. WHAT IS YOUR RESPONSE TO MR. GRAY'S RECOMMENDATION?**

17 A. I continue to recommend that the Commission reject CUPA's proposal to decrease
18 the FPFTY consumption levels by 4.38% per year. While CUPA's analysis
19 indicates that consumption levels decreased in the HTY relative to historical
20 consumption levels that occurred during the COVID-19 pandemic, it is not
21 reasonable to expect that this decline in usage associated with post-pandemic return
22 to normal policies will continue in the FTY and FPFTY. Instead, the Commission

¹⁹ Rebuttal Testimony of Anthony Gray (CUPA Statement No. 2-R), p. 13.

1 should approve the HTY consumption levels for the FPFTY without the proposed
2 adjustment.

3 However, to the extent that the Commission accepts Mr. Gray’s alternative
4 recommendation, to approve a consumption decline of 3.45%, which represents the
5 difference between consumption levels during the HTY when comparing the
6 consumption that occurred during the 12 months ending July 31, 2020, then the
7 Commission should also recognize that the 3.45% decline *occurred over a three-*
8 *year period.* Specifically, if the Commission accepts a 3.45% decline over a three-
9 year period as an acceptable benchmark to forecast future consumption declines in
10 the FTY and FPFTY, then it should pro rate the decline on an annual basis. As I
11 explain above, a 3.45% decline over a three-year period is equivalent to a year over
12 year *annual* decline of 1.16%.

13

14 ***Residential and Commercial Volumetric Rates for Water Service***

15 **Q. PLEASE DESCRIBE YOUR RECOMMENDATION REGARDING THE**
16 **DIFFERENTIAL BETWEEN RESIDENTIAL AND COMMERCIAL**
17 **VOLUMETRIC RATES.**

18 A. I continue to recommend that residential and commercial customers continue to pay
19 different volume charges for water service. As I explained in my direct testimony,
20 CUPA’s current commercial water volume charges are approximately 5.1% lower
21 than the residential volume charges. Specifically, I recommend that the commercial

1 volume charges continue to be discounted by 5.1% relative to residential volume
2 charges.²⁰

3 **Q. HOW DID CUPA RESPOND TO YOUR RECOMMENDATION?**

4 A. CUPA witness Scott Miller claims that the existing rate differential is the result of
5 a stipulation, which reflects a middle ground compromise between parties in the
6 prior general rate case. Mr. Miller explains that the current 5.1% rate differential
7 is derived from a calculation based on the current tariff rates, but the specific 5.1%
8 number is not found in the testimony, exhibits, or Commission Order from the prior
9 general rate case. He therefore claims that the calculation does not have direct
10 relevance to the actual cost of service and that utilizing it to set rates going forward
11 would perpetuate what is in effect an irrelevant data point.²¹

12 Mr. Miller acknowledges that it can sometimes be true that higher volume
13 customers generally use the utility infrastructure more efficiently but asserts that it
14 is not always true. In this case, Mr. Miller claims that CUPA's systems are
15 primarily residential, and that while there are a handful of commercial customers
16 that use somewhat larger monthly amounts of water, their usage patterns do not
17 warrant a separate rate class or rate differential.²²

18 Mr. Miller also claims that maintaining the existing rate differential does
19 not reflect the actual cost of service and would cause residential customers to pay
20 incrementally more than would otherwise be required.²³

²⁰Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 15.

²¹ Rebuttal Testimony of Scott A. Miller (CUPA Statement 7-R), p. 3.

²² *Id.*

²³ *Id.* p. 4.

1 **Q. HOW DO YOU RESPOND TO MR. MILLER'S CLAIM THAT THE**
2 **CURRENT RATE DIFFERENTIAL DOES NOT HAVE DIRECT**
3 **RELEVANCE TO THE ACTUAL COST OF SERVICE AND IS AN**
4 **IRRELVANT DATA POINT?**

5 A. Regardless of whether the current rate design structure was the result of a negotiated
6 settlement or a litigated proceeding, the resulting current rates were approved by
7 the Commission and deemed to be just and reasonable. Therefore, the current rate
8 design is not irrelevant.

9 **Q. DOES MR. MILLER PROVIDE ANY EVIDENCE TO SUPPORT HIS**
10 **CLAIM THAT COMMERCIAL CUSTOMER USAGE PATTERNS DO**
11 **NOT WARRANT A SEPARATE RATE CLASS OR DIFFERENTIAL?**

12 A. In support of his claim, Mr. Miller provides the following information regarding
13 the usage patterns for residential and commercial customers:

- 14 • Commercial customers in CUPA's Consolidated territories average
15 approximately 3,094 gallons per month, compared to 3,455 gallons per
16 month for residential customers.
- 17 • Commercial customers in Tamiment average approximately 15,027 gallons
18 per month, compared to 2,539 gallons per month for residential customers.
- 19 • Commercial customers in Tamiment represent 4 customers out of a total
20 493 customers on the Tamiment system.

21 **Q. WHAT IS YOUR ASSESSMENT OF THESE USAGE PATTERNS?**

22 A. I agree with Mr. Miller that there are a few commercial customers that have higher
23 consumption levels than the large majority of residential customers on the system.

1 In particular, in the Tamiment service territory, the average commercial usage is
2 *5.9 times higher* than the average residential usage.²⁴ However, I disagree with Mr.
3 Miller that these differing usage patterns do not warrant a rate differential for the
4 volumetric charge. On the contrary, the fact that there are a few commercial
5 customers with such significantly higher usage levels underscores the need to
6 maintain the existing differential between residential and commercial volumetric
7 rates.

8 **Q. HOW DO YOU RESPOND TO MR. MILLER'S CLAIM THAT THE**
9 **PROPOSED RATE DIFFERENTIAL WOULD CAUSE RESIDENTIAL**
10 **CUSTOMERS TO PAY INCREMENTALLY MORE.**

11 A. As I explained in my direct testimony, my recommendation to modify CUPAs
12 proposed rates to maintain the existing rate differential would cause only a 0.1%
13 increase to the residential volume charge.²⁵

14 **Q. HOW DO YOU RESPOND TO MR. MILLER'S CLAIM THAT THE**
15 **CURRENT RATE DIFFERENTIAL DOES NOT REFLECT THE ACTUAL**
16 **COST OF SERVICE?**

17 A. As I explain above, the current rate design was approved by the Commission and
18 determined to be just and reasonable. Since the Company is proposing to modify
19 the *existing* rate design by eliminating the rate differential in this proceeding, the
20 burden of proof should be on the Company to demonstrate that there is not a
21 meaningful difference in the cost of service between residential and commercial
22 customers. However, the Company's CCOSS for water service only utilizes one

²⁴ 15,027 gallons per month commercial usage ÷ 2,539 gallons per month residential usage = 5.91.

²⁵ Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 18.

1 customer class. Since the CCOSS does not separately allocate or assign costs
2 between residential and commercial customers, there is no evidence to demonstrate
3 that the existing rate differential is no longer appropriate.

4 **Q. HOW DID THE OCA RESPOND TO YOUR RECOMMENDATION**
5 **REGARDING THE DIFFERENTIAL BETWEEN RESIDENTIAL AND**
6 **COMMERCIAL VOLUMETRIC RATES.?**

7 A. OCA witness Jerome Mierzwa claims that I did not present a cost of service
8 justification to demonstrate that commercial volume charges should be lower than
9 residential volume charges. Mr. Mierzwa also claims that my recommendation is
10 inconsistent because there are currently different residential and commercial
11 customer charges for customers with 5/8” meters in the Tamiment service territory,
12 but the Company’s proposed rate design would implement the same customer
13 charge for these customers.

14 Lastly, Mr. Mierzwa claims that according to CUPA’s notice of proposed
15 rate changes, under CUPA’s proposed rate design, commercial customers would
16 receive an average bill increase of 57.70%, which is slightly lower than the average
17 residential bill increase of 58.65%.²⁶

²⁶ Rebuttal Testimony of Jerome D. Mierzwa (OCA Statement No. 4-R), p. 7.

1 **Q. HOW DO YOU RESPOND TO MR. MIERZWA’S ASSERTION THAT YOU**
2 **DID NOT PRESENT COST OF SERVICE JUSTIFICATION TO**
3 **DEMONSTRATE THAT COMMERCIAL VOLUME CHARGES SHOULD**
4 **BE LOWER THAN RESIDENTIAL VOLUME CHARGES?**

5 A. As I explain above, the current rate differential was approved by the Commission
6 in CUPA’s last general rate case and deemed to be just and reasonable. Since none
7 of the CCOSS for water service provided by parties in this proceeding have
8 separately allocated or assigned costs between residential and commercial
9 customers, there is no evidence to demonstrate that the *existing* rate differential is
10 no longer appropriate.

11 **Q. HOW DO YOU RESPOND TO MR. MIERZWA’S CRITICISM THAT YOU**
12 **ACCEPTED THE COMPANY’S PROPOSAL TO ADOPT CONSISTENT**
13 **CUSTOMER CHARGES FOR RESIDENTIAL AND COMMERCIAL**
14 **CUSTOMERS IN THE TAMIMENT SERVICE TERRITORY?**

15 A. In the last general rate case, the stipulation that was approved by the Commission
16 included a full consolidation of rates between service territories in the next rate case
17 (i.e., this instant proceeding). The proposal to *consolidate rates between water*
18 *territories* means that there will be a single set of rates for all customers regardless
19 of which water territory they are located in. This issue is separate and distinct from
20 CUPA’s proposal to *allocate costs to a single customer class* within the CCOSS.²⁷

21 While there is currently a rate differential between the residential and
22 commercial customers in Tamiment, there is no differential between residential and

²⁷ Direct Testimony of Justin Bieber (OSBA Statement No. 1), p. 15.

1 commercial customer charges in the Consolidated Territories. Given the
2 commitment in the stipulation in CUPA's prior general rate case to consolidate
3 rates between territories, and the fact that the large majority of commercial
4 customers are in the Consolidated Territories, not Tamiment, it is reasonable for
5 the Company to utilize the existing customer charge rate structure from the
6 Consolidated Territories on a going forward basis.

7 **Q. HOW DO YOU RESPOND TO MR. MIERZWA'S CLAIM, THAT ABSENT**
8 **YOUR PROPOSAL TO MAINTAIN THE EXISTING VOLUMETRIC**
9 **RATE DIFFERENTIAL, THAT COMMERCIAL CUSTOMERS WILL**
10 **EXPERIENCE A LOWER RATE INCREASE THAN RESIDENTIAL**
11 **CUSTOMERS?**

12 A. The notice issued by CUPA in this proceeding indicated that the *average* bill for
13 commercial customers would increase by slightly lower amount than the *average*
14 residential bill *at the Company's proposed rates*. However, larger commercial
15 customers would experience much larger and disparate rate impacts. For example,
16 under the Company's proposed rates, CUPA estimated that a Tamiment
17 commercial customer with a 6" meter and 390,000 gallons of monthly usage would
18 experience a rate increase of 115.16%, nearly double the average rate increase for
19 all other customers.²⁸

²⁸ Direct Testimony of Scott A. Miller (CUPA Exhibit SAM-2), p. 19.

1 **Q. ARE THERE ANY OTHER REASONS WHY IT IS IMPORTANT TO**
2 **MAINTAIN THE EXISTING DIFFERENTIAL BETWEEN RESIDENTIAL**
3 **AND COMMERCIAL VOLUMETRIC CHARGES?**

4 A. The existing low-income volumetric rate provides a discount of 35% relative to the
5 residential volumetric rate. This requires a slightly higher volumetric rate from
6 other customers to recover the low-income subsidy. Since the low-income discount
7 is based on the residential rate it is important to maintain the existing rate
8 differential between residential and commercial volume charges to avoid
9 unintended cost shifting of the low-income subsidy.

10

11 *Corporate Allocations Expense*

12 **Q. PLEASE EXPLAIN YOUR POSITION REGARDING THE ASSIGNMENT**
13 **OF CORPORATE ALLOCATION EXPENSES.**

14 A. As I explained in my rebuttal testimony, I agree that it is inappropriate to include
15 100% of corporate allocation expenses in the customer charge, but it would still be
16 appropriate to allocate a non-zero portion of the corporate allocation expense to the
17 billing and collecting function.²⁹ Therefore, I did not object to Mr. Mierzwa's
18 recommendation to assign indirect corporate services costs to all cost functions
19 based on allocation factor 7.

20 In Mr. Miller's rebuttal testimony, he explains that corporate services
21 include billing, among other services.³⁰ I would like to clarify that my non-
22 objection to Mr. Mierzwa's proposed allocation of corporate service expenses

²⁹ Rebuttal Testimony of Justin Bieber (OSBA Statement No. 1-R), pp. 3-4.

³⁰ Rebuttal Testimony of Scott A. Miller (CUPA Statement 7-R), p. 8.

1 applies to the assignment of *indirect* corporate costs such as governance, legal,
2 regulatory compliance, etc. However, corporate expenses that are *directly* related
3 to billing and customer service should still be assigned to the billing and collecting
4 function.

5 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

6 A. Yes, it does.

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

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

VERIFICATION

I, Justin Bieber, hereby state that the facts set forth in my Surrebuttal Testimony labeled OSBA Statement No. 1-S, and associated exhibit JB-8, are correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: March 17, 2024



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.
	:	R-2023-3042804 (Water)
	:	C-2023-3044494
v.	:	R-2023-3042805 (Wastewater)
	:	C-2023-3044528
Community Utilities of Pennsylvania Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise 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 Alphonso Arnold III
Administrative Law Judge
Pennsylvania Public Utility Commission
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.
	:	R-2023-3042804 (Water)
	:	C-2023-3044494
v.	:	R-2023-3042805 (Wastewater)
	:	C-2023-3044528
Community Utilities of Pennsylvania Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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