



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 27, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.
Docket Nos. R-2024-3047822 & R-2024-3047824
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

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

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

Sincerely,

A handwritten signature in cursive script that reads 'Carrie B. Wright'.

Carrie B. Wright
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 208185
(717) 783-6156
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CBW/ac
Enclosures

cc: Administrative Law Judge Gail M. Chiodo (via email – gchiodo@pa.gov)
Administrative Law Judge Alphonso Arnold III (via email – alphonarno@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, et al.	:	
	:	
v.	:	Docket Nos. R-2024-3047822
	:	R-2024-3047824
Aqua Pennsylvania, Inc. (Water) and	:	
Aqua Pennsylvania Wastewater, Inc.	:	

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

**TO ADMINISTRATIVE LAW JUDGES GAIL M. CHIDO AND ALPHONSO
ARNOLD III:**

In accordance with the Prehearing Conference Order dated June 18, 2024, the Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (Commission) hereby submits this Prehearing Memorandum in the above-captioned docket. The I&E prosecutor assigned to this proceeding is Carrie B. Wright. Ms. Wright may be contacted as follows:

By mail: Carrie B. Wright
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

By e-mail: carwright@pa.gov

Telephone: (717) 783-6156

I. BACKGROUND

On May 23, 2024, Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (Aqua or Company) filed Tariff Water – Pa. P.U.C. No. 4 and Tariff Sewer – Pa. P.U.C. No. 4 to become effective July 22, 2024.

The proposed tariff changes increase total annual operating revenues for water service by approximately \$112 million, or 18.7%, and for wastewater service by \$14.6 million, or 20.1%. Pursuant to 66 Pa. C.S. § 1308(d), the Commission ordered suspension of the proposed tariff changes until February 22, 2025, unless permitted by Commission Order to become effective at an earlier date. The Commission directed that the case be assigned to the Office of Administrative Law Judge for the scheduling of hearings as may be necessary for the Administrative Law Judge to render a Recommended Decision.

A Prehearing Conference is scheduled for Monday, July 1, 2024, at 10:00 a.m., before Administrative Law Judges Gail M. Chiodo and Alphonso Arnold, III (the ALJs). I&E submits this Memorandum in compliance with the Prehearing Conference Order issued by the ALJs.

II. ISSUES

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

- Rate of Return
 - Overall Rate of Return
 - Cost of Equity
 - Cost of Long-Term Debt
 - Capital Structure
 - Proxy Group
 - Risk Analysis

- Operation and Maintenance Expenses, including but not limited to:
 - Rate Case Expense
 - Payroll Expense
 - General Price Level Adjustment
 - Advertising Expense
 - Purchased Power Expense
 - Payroll Taxes
 - Uncollectible Accounts
 - Industry Organization Payments
 - Charitable and Civic Contributions
 - Incentive Compensation
 - Affiliated Interest Agreements
 - Purchased Water
 - Purchased Wastewater

- Rate Base/Rate Structure/ Revenue Allocation
 - Overall Rate Base
 - FPFTY Reporting Requirements
 - Present Rate Revenue
 - Proposed Rate Revenue
 - Acquisition Adjustments
 - Cost of Service
 - Customer Cost Analysis
 - Revenue Allocation
 - Rate Design
 - Act 11 Revenue Sharing
 - Scale Back of Rates

The list is as complete as can be made at this time. I&E reserves the right to address other issues, as it deems appropriate if any such relevant issues arise.

III. WITNESSES

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

- Ethan Cline, Fixed Utility Valuation Engineer. (Rate Base, Revenue Allocation and Rate Design)
- Christopher Keller, Fixed Utility Financial Analyst. (Rate of Return)
- Zachari Walker, Fixed Utility Financial Analyst. (Operations and Maintenance Expenses)

The I&E witnesses may be contacted through the contact information listed above for Ms. Wright. I&E reserves the right to substitute witnesses or call additional witnesses if warranted.¹ All active parties will be notified of any amendments to the I&E witness list.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports. However, there may be issues of Commission policy or legal representation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony, I&E

¹ The above issues list is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

V. DISCOVERY

Due to the time limitations in the proceedings, I&E supports the discovery of modifications as proposed by the Office of Consumer Advocate.

VI. SCHEDULE

I&E supports the schedule as proposed by the Office of Consumer Advocate. To the extent that any changes are necessary to that schedule I&E will work with the ALJs and the Parties to develop an appropriate schedule.

I&E requests that hearings be held telephonically in this proceeding. However, given that this proceeding involves multiple Commission employees who are based out of the Harrisburg PUC offices, I&E request that if in person hearings are held, those hearings be held in Harrisburg in order to conserve the Commission's financial resources.

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept and prefers electronic delivery of documents without the need to follow with a hard copy of these documents.

VIII. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E respectfully requests that telephonic public input hearings be used to the extent possible.

IX. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues. In the event settlement discussions fail to result in a complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,

A handwritten signature in black ink that reads "Carrie B. Wright". The signature is written in a cursive style with a large, stylized "X" at the end.

Carrie B. Wright
Prosecutor
PA Attorney ID No. 208185

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

Date: June 27, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2024-3047822
	:	R-2024-3047824
Aqua Pennsylvania, Inc. and	:	
Aqua Pennsylvania Wastewater, Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 27, 2024, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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