



COMMONWEALTH OF PENNSYLVANIA

July 10, 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. Veolia Water Pennsylvania, Inc. / Docket Nos.: R-2024-3045192 (Water), R-2024-3045193 (Wastewater)

Dear Secretary Chiavetta:

In accordance with the direction given by the Honorable Administrative Law Judge Emily I. DeVoe, in the enclosed Interim Order, dated July 1, 2024, please find for electronic filing, Preserved Testimony and Exhibits admitted into the record by the July 1, 2024 Order, on behalf of the Office of Small Business Advocate (“OSBA”), as follows:

- Direct Testimony of Neal Townsend, labelled OSBA Statement No. 1, with signed Verification of Neal Townsend.
- Rebuttal Testimony of Neal Townsend, labelled OSBA Statement No. 1-R and Exhibit, with signed Verification of Neal Townsend.
- Surrebuttal Testimony of Neal Townsend, labelled OSBA Statement No. 1-S, with signed Verification of Neal Townsend.

A copy of this correspondence will be provided to Administrative Law Judge Emily I. DeVoe and all parties in this proceeding, as indicated on the attached Certificate of Service. 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: Neal Townsend
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2024-3045192 <i>et al.</i> , (Water)
	:	R-2024-3045193, <i>et al.</i> (Wastewater)
v.	:	
	:	
Veolia Water Pennsylvania, Inc.	:	

**INTERIM ORDER
APPROVING AND ENTERING INTO THE RECORD THE
JOINT STIPULATION FOR THE ADMISSION OF EVIDENCE**

On June 27, 2024, Veolia Water Pennsylvania, Inc. (VWPA), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Bureau of Investigation and Enforcement (I&E), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) (collectively, the Stipulating Parties) filed a Joint Stipulation for the Admission of Evidence (Stipulation) in the above-captioned proceedings. Each of the Stipulating Parties agreed to the authenticity of and admission of into the evidentiary record in this matter of the following statements and exhibits:

PARTY	STATEMENT/EXHIBITS
VWPA	VWPA St. No. 1, Direct Testimony of Larry Finnicum, together with Exhibits LKF-1 through LKF-4
	VWPA Statement No. 1-R, Rebuttal Testimony of Larry Finnicum, together with Exhibits LKF-1-R through LKF-3-R
	VWPA Statement No. 2, Direct Testimony of Gregory R. Herbert, together with Appendix A and Exhibit GRH-1 through GRH-5
	VWPA Statement No. 2-R, Rebuttal Testimony of Gregory R. Herbert, together with Exhibits GRH-1-R through GRH-5-R
	VWPA Statement No. 3, Direct Testimony of Constance E. Heppenstall, together with Exhibit CEH-1 through CEH-4
	VWPA Statement No. 3-R, Rebuttal Testimony of Constance E. Heppenstall
	VWPA Statement No. 4, Direct Testimony of Harold Walker, III together with Exhibit HW-1 through HW-2
	VWPA Statement No. 4-R, Rebuttal Testimony of Harold Walker, III together with Exhibits HW-1R and HW-2R

	VWPA Statement No. 5, Direct Testimony of Dane Watson, together with Exhibit DAW-1 through DAW-2
	VWPA Statement No. 5-R, Rebuttal Testimony of Dane Watson together with Exhibits DAW-1-R through DAW-5-R
	VWPA Statement No. 6, Direct Testimony of James Cagle
	VWPA Statement No. 6-R, Rebuttal Testimony of James Cagle (Public Version)
	VWPA Statement No. 6-R, Rebuttal Testimony of James Cagle (PROPRIETARY VERSION)
	VWPA Statement No. 7, Direct Testimony of Judith McCoy Jordan
	VWPA Statement No. 7-R, Rebuttal Testimony of Judith McCoy Jordan together with Exhibits JMJ-1-R through JMJ-3-R
	VWPA Statement No. 8, Direct Testimony of Anupa Jacob
	VWPA Statement No. 8-R, Rebuttal Testimony of Anupa Jacob
CAUSE-PA	CAUSE-PA St. 1, Direct Testimony of Robert W. Ballenger, Esq. (as corrected June 7, 2024), together with Exhibit 1 (as corrected on June 7, 2024) and Appendices A and B
	CAUSE-PA St. 1-R (as corrected on June 12, 2024), Rebuttal Testimony of Robert W. Ballenger, Esq.
	CAUSE-PA St. 1-SR Surrebuttal Testimony of Robert W. Ballenger
	Verification of Robert W. Ballenger, Esq.
I&E	I&E Statement No. 1, Direct Testimony of Vanessa Okum (Non-Proprietary Version), together with I&E Exhibit No. 1
	I&E Statement No. 1, Direct Testimony of Vanessa Okum (PROPRIETARY VERSION), together with I&E Exhibit No. 1
	I&E Statement No. 2, Direct Testimony of D. C. Patel, together with I&E Exhibit No. 2
	I&E Statement No. 3, Direct Testimony of Esyan Sakaya, together with I&E Exhibit No. 3 (as corrected on May 24, 2024)
	I&E Exhibit No. 3-R, Rebuttal Testimony of Esyan Sakaya
	I&E Statement No. 1-SR, Surrebuttal Testimony of Vanessa Okum, together with I&E Exhibit No. 1-SR
	I&E Statement No. 2-SR, Surrebuttal Testimony of D. C. Patel
	I&E Statement No. 3-SR, Surrebuttal Testimony of Esyan Sakaya, together with I&E Exhibit No. 3-SR
OSBA	OSBA Statement No. 1, Direct Testimony of Neal Townsend, together with Attachment A
	OSBA St. No. 1-R, Rebuttal Testimony of Neal Townsend, together with Exhibit
	OSBA Statement No. 1-S, Surrebuttal Testimony of Neal Townsend
OCA	OCA St. 1, Direct Testimony of Morgan N. DeAngelo (CONFIDENTIAL VERSION), together with Appendices A and B and Exhibits MND-1 through MND-9 (Exhibits MND-4 through MND-6 are CONFIDENTIAL)

	OCA St. 1, Direct Testimony of Morgan N. DeAngelo (Public Version), together with Appendices A and B and Exhibits MND-1 through MND-3 and Exhibits MND-7 through MND-9
	OCA St. 2, Direct Testimony of Lafayette K. Morgan, together with Exhibits LKM-W-1 through LKM-W-19 and Exhibits LKM-WW-1 through LKM-WW-12
	OCA St. 3, Direct Testimony of David J. Garrett, together with Exhibits DJG-1 through DJG-27, and Appendices A through E
	OCA St. 4, Direct Testimony of Jerome D. Mierzwa, together with Exhibits JDM-1
	OCA St. 5, Direct Testimony of Terry L. Fought, together with Exhibits TLF-1 - 6 and TLF-8 - 19 (Exhibits TLF-2B and 7 are CONFIDENTIAL)
	OCA St. 6, Direct Testimony of Nicholas A. DeMarco, together with Exhibits NAD-1 through NAD-8
	OCA St. 2R, Rebuttal Testimony of Lafayette K. Morgan, together with Exhibits LKM-W-1R through LKM-W-20R and Exhibits LKM-WW-1R through LKM-WW-14R
	OCA St. 4R, Rebuttal Testimony of Jerome Mierzwa
	OCA St. 1SR, Surrebuttal Testimony of Morgan N. DeAngelo (Public Version), together with Exhibit MND-1SR
	OCA St. 1SR, Surrebuttal Testimony of Morgan N. DeAngelo, (CONFIDENTIAL VERSION), together with Exhibit MND-1SR
	OCA St. 2SR, Surrebuttal Testimony of Lafayette K. Morgan, together with Exhibits LKM-W-1S through LKM-W-20S, and Exhibits LKM-WW-1S through LKM-WW-14S
	OCA St. 3SR, Surrebuttal Testimony of David J. Garrett
	OCA St. 4SR, Surrebuttal Testimony of Jerome D. Mierzwa
	OCA St. 5SR, Surrebuttal Testimony of Terry L. Fought, together with Exhibits TLF-20 through TLF-22
	OCA St. 6SR, Surrebuttal Testimony of Nicholas A. DeMarco

The Stipulation is presented by the Stipulating Parties in conjunction with the Settlement, which is intended to settle all issues in the above-captioned proceedings. The Settlement, with accompanying Statements in Support are due to be filed by August 2, 2024.

The Stipulating Parties request the Stipulation be adopted and the exhibits and statements identified in the Stipulation be admitted into the record on the terms and conditions set forth in the Stipulation.

As this request is reasonable, it will be granted. The Stipulation is attached to this Order as **Attachment A**.

ORDER

THEREFORE,

IT IS ORDERED:

1. That the Joint Stipulation for the Admission of Evidence filed by the parties on June 27, 2024, and attached to this Order as **Attachment A** is APPROVED and admitted into the record.
2. That the statements and exhibits listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation.
3. That, by **4:00 pm on Wednesday, July 10, 2024**, the parties shall file the statements (with all appropriate verifications) and exhibits entered into the record pursuant to Ordering Paragraph 2 with the Commission's Secretary's Bureau, indicating in their cover letters that the filing contains statements and exhibits admitted into the record by this Order.
4. That, when filing a confidential or proprietary document with the Secretary's Bureau pursuant to Ordering Paragraph 3, the parties shall properly mark the document.
5. That filings made pursuant to Ordering Paragraph 3 shall satisfy the Commission's regulation at 52 Pa. Code § 5.412a.
6. That the parties shall file and serve the joint petition for settlement, along with statements in support by **August 2, 2024**.

7. That the parties shall serve me by email with *Word*-compatible versions of all documents filed pursuant to Ordering Paragraph 6.

Date: 07/01/2024

_____/s/_____

Emily I. DeVoe

Administrative Law Judge

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Emily I. DeVoe

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045192 <i>et al.</i> ,
	:	(Water)
v.	:	
	:	Docket No. R-2024-3045193, <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	(Wastewater)

**JOINT STIPULATION FOR THE
ADMISSION OF EVIDENCE**

Veolia Water Pennsylvania, Inc. (“VWPA”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (individually, a “Stipulating Party” and collectively, the “Stipulating Parties”) hereby join in this Joint Stipulation for the Admission of Evidence (“Stipulation”) in the above-captioned proceedings.

In support of the Stipulation, the Stipulating Parties represent as follows:

I. INTRODUCTION

1. On February 16, 2024, VWPA (Water Division) filed a general base rate proceeding at Docket No. R-2024-3045192. Also on February 16, 2024, VWPA (Wastewater Division) filed a general base rate proceeding at Docket No. R-2024-3045193.

2. On February 16, 2024, the OCA filed its Formal Complaint and Public Statement. The lead counsel for the OCA in this matter is Christy M. Appleby, Esq.

3. On February 20, 2024, Michael A. Podskoch, Jr. entered his Notice of Appearance on behalf of I&E.

4. On February 21, 2024, VWPA filed corrected cover letters for its water and wastewater general base rate cases.

5. On February 23, 2024, VWPA filed affidavits verifying compliance with the notice requirements for its water and wastewater filings.

6. On February 26, 2024, counsel for OSBA filed their Notices of Appearance. The lead counsel for the OSBA in this matter is Sharon E. Webb, Esq.

7. On March 4, 2024, VWPA filed a revised answer to minimum filing requirement II-8.

8. On March 8, 2024, CAUSE-PA filed a Petition to Intervene. The lead counsel for CAUSE-PA is John W. Sweet, Esq.

9. On March 14, 2024, the Commission issued orders suspending both the proposed water tariff and the proposed wastewater tariff until November 16, 2024, and directing VWPA to file suspension tariffs within ten days.

10. On March 20, 2024, the Commission issued a Call-In Telephone Prehearing Conference Notice advising the parties that a Prehearing Conference would be held on March 27, 2024. Also on March 20, 2024, Administrative Law Judge Emily I. DeVoe (the "ALJ") issued her Prehearing Conference Order.

11. On March 25, 2024, VWPA filed its suspension water tariff and its suspension wastewater tariff.

12. On March 26, 2024, VWPA, the OCA, the OSBA, I&E and CAUSE-PA filed Prehearing Conference Memoranda.

13. The Prehearing Conference was held as scheduled on March 27, 2024.
14. On March 28, 2024, VWPA filed a Petition for Protective Order. The Petition was granted by Order issued April 23, 2024.
15. On April 1, 2024, and again on April 2, 2024, VWPA re-filed the water tariff supplement to make minor language/formatting corrections at the request of Commission staff.
16. Also on April 1, 2024, the ALJ issued her Prehearing Order which, inter alia, granted CAUSE-PA's Petition to Intervene.
17. On April 2, 2024, the ALJ issued her Interim Order Approving VWPA's Request to Voluntarily Extend Suspension Period. On April 5, 2024, VWPA filed water and wastewater tariffs voluntarily extending the suspension period subject to the condition that, at the time compliance filings are approved by the Commission, the Company will recoup revenues lost for the period from November 16, 2024 through the date the Commission makes approved rates effective.
18. On April 8, 2024, the Commission issued a Public Input Hearings Notice, scheduling one in-person public input hearing to be held in Bloomsburg on April 29, 2024 and two hybrid public input hearings to be held in Harrisburg on April 30, 2024.
19. On April 18, 2024, the ALJ issued her Interim Order Adding Additional Complainants to Parties List and Providing Information to Customer Complainants.
20. On April 25, 2024, VWPA filed an Affidavit of Compliance with Public Notice Requirements for the Public Input Hearings
21. On June 17, 2024, the Commission issued a Hearing Type Change Notice, advising the parties that the hearing was changed from In-Person Evidentiary Hearings to Call-In Evidentiary Hearings.

22. By e-mail of June 25, 2024, counsel for VWPA notified the ALJ that the parties had reached a unanimous settlement of all issues (the “Settlement”). He requested that hearings be cancelled and the procedural schedule be suspended. The ALJ advised the parties that the hearings scheduled for June 26 and 27, 2024 would be cancelled, but the hearing scheduled for June 28, 2024 would not be cancelled unless a stipulation for the admission of evidence was filed by noon on June 27, 2024.

23. Consistent with the Prehearing Order, the parties will file the Settlement on or before August 2, 2024.

II. STIPULATION

24. The Stipulating Parties hereby jointly stipulate to the authenticity of and admission into the evidentiary record in this matter of the following testimony and exhibits:

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	OCA St. 5SR, Surrebuttal Testimony of Terry L. Fought, together with Exhibits TLF-20 through TLF-22
	OCA St. 6SR, Surrebuttal Testimony of Nicholas A. DeMarco

25. This Stipulation is presented by the Stipulating Parties in conjunction with the Settlement, which is intended to settle all issues in the above-captioned proceedings. If the Commission rejects or otherwise modifies the Settlement, the Stipulating Parties reserve their respective procedural rights to object to the admission of the above-referenced testimony and exhibits, to submit testimony and additional exhibits, and to cross-examine witnesses, at on-the-record evidentiary hearings.

26. This Stipulation is being presented in conjunction with the Settlement only to resolve issues in the above-captioned proceedings. Regardless of whether this Stipulation is approved, no adverse inference shall be drawn, nor shall prejudice result to any Stipulating Party in this or any future proceeding as a consequence of this Stipulation, or any of its terms or conditions.

27. One copy of the foregoing testimony and exhibits are attached for filing with the Commission's Secretary, for inclusion in the official case record upon approval of this Stipulation.

28. Attached hereto as **Appendix A** is a proposed “Order Granting Joint Stipulation for the Admission of Evidence” for consideration by the Honorable Administrative Law Judge Emily I. DeVoe.

WHEREFORE the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily J. DeVoe admit the foregoing testimony and exhibits into the record in this proceeding on the terms and conditions set forth in the Stipulation.

Respectfully submitted,



Michael A. Podskoch, Jr., Esq. (PA ID 330132)
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Counsel for *Bureau of Investigation and Enforcement*

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Counsel for *Office of Consumer Advocate*

28. Attached hereto as **Appendix A** is a proposed “Order Granting Joint Stipulation for the Admission of Evidence” for consideration by the Honorable Administrative Law Judge Emily I. DeVoe.

WHEREFORE the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily J. DeVoe admit the foregoing testimony and exhibits into the record in this proceeding on the terms and conditions set forth in the Stipulation.

Respectfully submitted,



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Counsel for Office of Consumer Advocate

28. Attached hereto as **Appendix A** is a proposed "Order Granting Joint Stipulation for the Admission of Evidence" for consideration by the Honorable Administrative Law Judge Emily I. DeVoe.

WHEREFORE the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily J. DeVoe admit the foregoing testimony and exhibits into the record in this proceeding on the terms and conditions set forth in the Stipulation.

Respectfully submitted,

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WHEREFORE the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily J. DeVoe admit the foregoing testimony and exhibits into the record in this proceeding on the terms and conditions set forth in the Stipulation.

Respectfully submitted,

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Counsel for Veolia Water Pennsylvania, Inc.

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Counsel for *CAUSE-PA*

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045192 <i>et al.</i> ,
	:	(Water)
v.	:	
	:	Docket No. R-2024-3045193, <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	(Wastewater)

**ORDER GRANTING JOINT STIPULATION
FOR THE ADMISSION OF EVIDENCE**

On June 27, 2024, Veolia Water Pennsylvania, Inc., the Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, (singularly, a “Stipulating Party” and collectively, the “Stipulating Parties”) filed a Joint Stipulation for the Admission of Evidence (“Stipulation”) in the above-captioned proceeding.

Each of the Stipulating Parties stipulated to the authenticity of the testimony and exhibits listed in the Stipulation and requested that they be admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation. The Stipulation is attached to this Order.

As this request is reasonable, it will be granted.

THEREFORE,

IT IS ORDERED:

1. That the Stipulation, filed on June 27, 2024, is APPROVED;

2. That the statements and exhibits listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation.

Date: _____

Emily I DeVoe
Administrative Law Judge

**R-2024-3045192, R-2024-3045193 - PENNSYLVANIA PUBLIC UTILITY COMMISSION
v. VEOLIA WATER PENNSYLVANIA INC**

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COMMONWEALTH OF PENNSYLVANIA

May 17, 2024

E-FILED

The Honorable Emily DeVoe
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
201 Fifth Avenue
Pittsburgh, PA 15222

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

Dear Judge DeVoe:

Enclosed please find the Direct Testimony of Neal Townsend, labelled **OSBA Statement No. 1**, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

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)
Neal Townsend
Kevin Higgins
Shantell Garrett
Parties of Record

OSBA STATEMENT NO. 1

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

Direct Testimony of Neal Townsend

on behalf of the

Commonwealth of Pennsylvania

Office of Small Business Advocate

May 17, 2024

Topics:

Class Cost Allocation

Revenue Allocation

Date Served: May 17, 2024

Date Submitted for the Record: _____

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

2 A. No.

3 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE ANY OTHER STATE**
4 **UTILITY REGULATORY COMMISSIONS?**

5 A. Yes. I have testified before state utility regulators in Arizona, Arkansas, Illinois, Indiana,
6 Kentucky, Michigan, Nevada, New Mexico, Ohio, Oregon, Texas, Utah, Virginia,
7 Washington, West Virginia, and Wyoming.

8

9 **OVERVIEW AND CONCLUSIONS**

10 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. My testimony responds to the application of Veolia Water Pennsylvania, Inc.'s
13 ("VWPA") for approval, pursuant to Section 52 of the Public Utility Code § 53.52 and
14 53.53, to adjust both its water and wastewater rates. For its water utility, VWPA
15 proposes to adjust its base rates to produce an increase in revenues of approximately
16 \$15.4 million per year. For its wastewater utility, VWPA proposes to adjust its rates to
17 produce an increase in base revenues of approximately \$568,000 per year.

18 **Q. WHAT CONCLUSIONS DO YOU OFFER IN YOUR TESTIMONY?**

19 A. I have concluded that VWPA's various class cost of service studies as reasonable
20 representations of the cost to provide water or wastewater service to each class at the
21 Company's requested revenue requirement. In addition, in my opinion, VWPA's
22 proposed water revenue increase for the commercial class at VWPA's requested revenue

1 requirement is reasonable. For the Mahoning Township wastewater utility, I recommend
2 no rate increase for the non-residential customer class.

3 **RESPONSE TO THE VWPA’S PROPOSED CLASS COST ALLOCATION**

4 **Q. PLEASE DESCRIBE VWPA’S PROPOSED ALLOCATION OF COSTS TO THE**
5 **VARIOUS WATER RATE CLASSES IT SERVES.**

6 A. VWPA’s proposed class cost allocation for its water utility is discussed in the Direct
7 Testimony of witness Ms. Constance E. Heppenstall. According to Ms. Heppenstall,
8 VWPA has prepared its class cost of service (CCOS) studies using the base-extra
9 capacity method. The use of the base-extra capacity method is consistent with the
10 approach used by the Company and accepted by this Commission in the prior water rate
11 cases. The results of VWPA’s are presented in Ms. Heppenstall’s accompanying
12 exhibits. Exhibit CEH-1 presents the results for the VWPA’s main division (excluding
13 Mahoning Township) and Exhibit CEH-2 presents the results for VWPA’s Mahoning
14 Township service territory.

15 **Q. DID MS. HEPPENSTALL PREPARE SIMILAR CLASS COST ALLOCATION**
16 **STUDIES FOR ITS WASTEWATER UTILITY?**

17 A. Yes, but only for its Mahoning Township wastewater service territory. VWPA uses the
18 functional cost allocation method described in “Financing and Changes for Wastewater
19 Systems,” Manual of Practice No. 27 in the Mahoning CCOS study. The Mahoning
20 wastewater CCOS results are presented in Exhibit CEH-3.

21 **Q. WHAT REASON DID VWPA PROVIDE FOR NOT PREPARING A CCOS FOR**
22 **ITS COLUMBIA COUNTY WASTERWATER SYSTEM?**

1 A. For its Columbia County wastewater utility, Ms. Heppenstall did not prepare a similar
2 CCOS study for that utility system since wastewater service is only provided to non-
3 residential customers.

4 **Q. WHAT IS YOUR ASSESSMENT OF VWPA'S CCOS STUDIES FOR BOTH ITS**
5 **WATER AND WASTEWATER UTILITIES?**

6 A. Based upon my review of these studies, I find that each study provides a reasonable
7 representation of the cost to serve each customer class at VWPA's requested revenue
8 requirement.

9 **Q. DO YOU HAVE ANY ADDITIONAL OBSERVATIONS?**

10 A. Yes. VWPA's CCOS studies serve as a guide for moving each customer class closer to
11 its cost of service. Based upon the results of VWPA's CCOS study for its main division,
12 VWPA's proposed water revenue increase for the commercial class at its requested
13 revenue requirement is reasonable. VWPA's proposed 23.3% commercial class revenue
14 increase is within 1 percent of the calculated cost-based increase of 22.4% for the
15 commercial class. For the Mahoning Township wastewater utility, the non-residential
16 customers merit a rate *decrease* of 59.3% according to VWPA's cost of service, but
17 VWPA proposes increasing non-residential wastewater rates by 17.3%. Based on the
18 VWPA CCOS study, I recommend no rate increase for the non-residential class and
19 moving the residential class closer to its cost of service. While this would result in a
20 higher rate increase for the residential class than VWPA proposes, non-residential
21 customers would still be paying a substantial subsidy to that class, even if non-residential
22 rates are not increased.

1 **Q. WHAT IS YOUR RECOMMENDATION IF THE COMMISSION APPROVES A**
2 **REVENUE REQUIREMENT THAT IS LESS THAN VWPA HAS REQUESTED?**

3 A. If the Commission approves a water revenue requirement that is less than VWPA has
4 requested, then I recommend that the Commercial class receive the same proportion of
5 the total water revenue requirement as proposed in the Company's direct filing.

6 If the Commission approves a wastewater revenue requirement that is less than
7 VWPA has requested, then I continue to recommend that the non-residential class receive
8 no increase. This would allow the benefit of the reduction in requested revenue
9 requirement to be realized by the customers who are subject to the rate increase.

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

11 A. Yes, it does.

Attachment A

Resume

List of Regulatory Testimony

ATTACHMENT A

Resume

Neal Townsend
Energy Strategies, LLC
111 E. Broadway, Suite 1200
Salt Lake City, Utah 84111

Work Experience:

Principal, Energy Strategies, LLC (2014 – Present).

Director, Energy Strategies, LLC (2012 – 2014).

Sr. Consultant, Energy Strategies, LLC (2001 – 2012).

Rate Analyst, State of Utah, Division of Public Utilities (1997 – 2001).

Other

Systems Engineer, Morton Thiokol, Inc.

Assistant Engineer, Schafer Engineering.

Graduate/Research Assistant, University of New Mexico.

Education:

University of New Mexico, Masters of Business Administration, 1996.

University of Texas, Austin, Bachelor of Science in Mechanical Engineering, 1984.

Publications:

Kevin C. Higgins, Neal Townsend, and Susannah Vale, “Utility-Related Statutory and Regulatory Barriers,” Chapter 6 in Coastal Wind: Energy for North Carolina’s Future. University of North Carolina, Chapel Hill: 2009.

ATTACHMENT A

Regulatory Testimony:

State of Arizona

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
E-01345A-16-0272	In the Matter of the Application of Arizona Public Service Company for Approval of Revised APS Partial Requirements Rate Schedule EPR-2.	Qualifying Facility (QF) Contract Term
E-01933A-17-0360	In the Matter of the Application of Tuscon Electric Power Company for Approval of Revised TEP Partial Requirements Rate Schedule Rider-11 (R-11)	Qualifying Facility (QF) Contract Term
E-04204A-18-0087	In the Matter of the Application of UNS Electric, Inc. for Approval of Revised UNSE Qualified Facilities Tariffs QF-A, QF-B AND QF-C.	Qualifying Facility (QF) Contract Term

State of Arkansas

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
10-010-U & 10-010-R	In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service	AFUDC Policy
10-010-U & 10-010-R	In the Matter of a Notice of Inquiry into Energy Efficiency	DSM Self Direction Opt-Out Rules
	In the Matter of the Institution of a Rulemaking to Adopt Amendments to the Commission's Rules on Conservation & Energy Efficiency to Allow Self-Directed Programs for Large Consumers	

ATTACHMENT A

State of Illinois

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
17-0049	Commonwealth Edison Company Tariff Filing to Present the Illinois Commerce Commission with an Opportunity to Consider Revenue Neutral Tariff Changes Related to Rate Design Authorized by Subsection 16-108.5(e) of the Public Utilities Act	Class Cost Allocation, Rate Spread
13-0387	Commonwealth Edison Company Tariff Filing to Present the Illinois Commerce Commission with an Opportunity to Consider Revenue Neutral Tariff Changes Related to Rate Design Authorized by Subsection 16-108.5(e) of the Public Utilities Act	Rate Spread, Rate Design
10-0467	Commonwealth Edison Company Proposed General Increase in Electric Rates	Rate Spread, Rate Design

ATTACHMENT A

State of Indiana

<u>Cause #</u>	<u>Title</u>	<u>Activity</u>
45029	Petition of Indianapolis Power & Light Company ("IPL") for (1) Authority to Increase Rates and Charges for Electric Utility Service, (2) Approval of Revised Depreciation Rates, Accounting Relief, including Implementation of Major Storm Damage Restoration Reserve Account, Approval of a Vegetation Management Reserve Account, the Inclusion in Basic Rates and Charges of the Costs of Certain Previously Approved Projects, including the Eagle Valley Combined Cycle Gas Turbine, the National Pollution Discharge Elimination System and Coal Combustion Residuals Compliance Projects, Rate Adjustment Deferrals, Amortizations, and (3) Approval of New Schedules of Mechanism Proposals, Cost Rates, Rules and Regulations for Service	Revenue Requirement, Class Cost of Service, Rate Spread, Rate Design
44075	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	Rate Design, Class Cost of Service

ATTACHMENT A

State of Kentucky

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
2016-00370	Application of Kentucky Utilities Company for an Adjustment of Electric Rates and for Certificates of Public Convenience and Necessity	Revenue Requirement Adjustments
2016-00371	Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates and Certificates of Public Convenience and Necessity	Revenue Requirement Adjustments, Rate Spread
2014-00371	Application of Kentucky Utilities Company for an Adjustment of Electric Rates	Revenue Requirement Adjustments
2014-00372	Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates	Revenue Requirement Adjustments
2009-00548	Application of Kentucky Utilities Company for an Adjustment of Base Rates	Rate Spread, Rate Design
2009-00549	Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Base Rates	Rate Spread, Rate Design

State of Michigan

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
U-18322	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	Rate Design

ATTACHMENT A

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
U-18239	In the Matter, on the Commission's Own Motion, to Open a Docket to Implement the Provisions of Section 6w of 2016 PA 341 for Consumers Energy Company's Service Territory	Rate Design
U-18248	In the Matter, on the Commission's Own Motion, to Open a Docket to Implement the Provisions of Section 6w of 2016 PA 341 for DTE Electric Company's Service Territory	Rate Design
U-17990	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	Investment Recovery Mechanism, Decoupling, Class Cost of Service, Rate Design
U-18014	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.	Revenue Requirement Issues, Class Cost of Service, Rate Design
U-17767	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.	Revenue Requirement Issues, Class Cost of Service, Rate Design

ATTACHMENT A

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
U-17735	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	Investment Recovery Mechanism, Decoupling, Class Cost of Service, Rate Design
U-17087	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	Class Cost of Service, Rate Spread, Decoupling, Rate Design
U-16794	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	Rate Spread, Revenue Decoupling, Rate Design, Load Aggregation,
U-16472 & U-16489	In the Matter of the Application of the Detroit Edison 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	Rate Increase Mitigation Proposals, Bonus Tax, Depreciation, Rate Spread, Decoupling, Load Aggregation, Surcharge Proposal, Environmental Cost Recovery, Revenue Tracker
	In the Matter of the Application of the Detroit Edison Company for Approval to Defer Certain Pension and Post-Employment Benefits for Future Amortization and Recovery	
U-16191	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	Pension Tracker, Class Cost of Service, Decoupling, Rate Spread, Tariff Language

ATTACHMENT A

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
U-15645	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	Class Cost of Service, Rate Spread

State of Nevada

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
20-12003	Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for Approval of their Joint Expanded Solar Access Program Implementation Plan	State Renewable Energy Policy Implementation

State of New Mexico

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
16-00276-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. 513 Public Service Company of New Mexico, Applicant	Rate Design
15-00261-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. 513 Public Service Company of New Mexico, Applicant	Rate Design

ATTACHMENT A

State of Ohio

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
12-1682-EL-AIR, 12-1683-EL-ATA & 12-1684-EL-AAM	In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates	Class Cost of Service, Rate Spread
	In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval	
	In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods	
12-1685-GA-AIR, 12-1686-GA-ATA & 12-1687-GA-ALT 12-1688-GA-AAM	In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates	Recovery of Environmental Remediation Expenses
	In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval	
	In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Alternative Rate Plan for Gas Distribution Service	
	In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods	

ATTACHMENT A

State of Oregon

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
UE-356	In the Matter of PacifiCorp, dba Pacific Power, 2020 Transition Adjustment Mechanism	Direct Access Transition Charges
UE-319	In the Matter of Portland General Electric Company Request for a General Rate Revision	Rate Spread, Rate Design
UE-294	In the Matter of Portland General Electric Company Request for a General Rate Revision	Class Cost of Service
UE-262	In the Matter of Portland General Electric Company Request for a General Rate Revision	Support of Stipulation
UE-246	In the Matter of PacifiCorp's Filing of Revised Tariff Schedules for Electric Service in Oregon	Rate Design, Energy Cost Adjustment Mechanism, Support of Stipulation
UE-217	In the Matter of PacifiCorp's Filing of Revised Tariff Schedules for Electric Service in Oregon	Support of Stipulation

State of Texas

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
38951	Application of Entergy Texas, Inc. for Approval of Competitive Generation Service Tariff (Issues Severed from Docket No. 37744)	Recovery of Stranded Costs

ATTACHMENT A

State of Utah

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
19-035-18 & 20-035-T04 (Aligned)	In the Matter of Rocky Mountain Power's 2019 Avoided Cost Input Changes Quarterly Compliance Filing	Avoided Cost Pricing
	In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities	
18-057-03	In the Matter of the Request of Dominion Energy Utah for Approval of a Voluntary Resource Decision to Construct an LNG Facility	Cost Allocation
14-035-114	In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program	Opposition to Stipulation
17-057-09	In the Matter of the Application of Questar Gas Company to Make Tariff Modifications to Charge Transportation Customers for Peak Hour Services	Ratemaking Policy
17-035-T07 & 17-035-37 (Consolidated)	In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities	Avoided Cost Pricing
	In the Matter of Rocky Mountain Power's 2017 Avoided Cost Input Changes Quarterly Compliance Filing	

ATTACHMENT A

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
15-035-86	In the Matter of the Application of Rocky Mountain Power for Approval of the 2017 Protocol	Opposition to Inter-Jurisdictional Cost Allocation Agreement
13-035-184	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	Class Cost of Service, Rate Spread, Rate Design
13-057-05	In the Matter of the Application of Questar Gas Company to Increase Distribution Rates and Charges and Make Tariff Modifications	Class Cost of Service, Rate Spread, Rate Design
13-035-02	In the Matter of the Application of Rocky Mountain Power for Authority to Change its Depreciation Rates Effective January 1, 2014	Depreciation Policy
11-035-200	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	Class Cost of Service, Rate Spread, Rate Design
09-035-23	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	Rate Design, Revenue Decoupling

ATTACHMENT A

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
09-035-T08	In the Matter of Rocky Mountain Power Advice No. 09-08, seeking an Adjustment to the DSM Tariff Rider, Schedule 193	Support of Stipulation
04-035-42	In the Matter of the Application of PacifiCorp For Approval of its Proposed Electric Rate Schedules and Electric Service Regulations	Derivation of Prudence Disallowance

ATTACHMENT A

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
03-035-14	In the Matter of the Application of PacifiCorp For Approval of an IRP Based Avoided Cost Methodology For QF Projects Larger than 1 MW	Derivation of Methodology for Establishing QF Avoided Cost Pricing
02-035-04	In the Matter of the Application of PacifiCorp for an Investigation of Inter-Jurisdictional Issues	Support of Settlement Agreement
99-057-20	In the Matter of the Application of Questar Gas Company for an Increase in Rates and Charges	Revenue Requirement and Class Cost of Service Modeling, Proposed CO ₂ Plant Disallowance Mechanism
99-035-10	In the Matter of the Application of PacifiCorp For Approval of its Proposed Electric Rate Schedules and Electric Service Regulations	Interjurisdictional Cost Allocation and Class Cost of Service Modeling
98-057-12	In the Matter of the Application of Questar Gas Company for Approval of a Natural Gas Processing Agreement	Assessment of Application, Revenue Requirement Modeling

State of Virginia

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
PUE-2013-00020	Application of Virginia Electric and Power Company for a 2013 Biennial 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	Rate Design

ATTACHMENT A

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
PUE-2012-00072	Application of Virginia Electric and Power Company for Revision of Rate Adjustment Clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the Rate Year Commencing April 1, 2013	Rate Design
PUE-2012-00071	Application of Virginia Electric and Power Company for Revision of Rate Adjustment Clause: Rider S, Virginia City Hybrid Energy Center, for the Rate Year Commencing April 1,2013 and April 1, 2014	Rate Design
PUE-2012-00067	Application of Virginia Electric and Power Company for Revision of Rate Adjustment Clause: Rider W, Warren County Power Station, for the Rate Year Commencing April 1, 2013	Rate Design
PUE-2011-00042	In the Matter of the Application of Virginia Electric and Power Company for Approval and Certification of the Proposed Warren County Power Station, Electric Generation and Related Transmission Facilities under §§ 56-580 D, 56-265.2 and 56-46.1 of the Code of Virginia and for Approval of a Rate Adjustment Clause, Designated Rider W, under § 56-585.1 A 6 of the Code of Virginia	Rate Design

ATTACHMENT A

State of Washington

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
UE-170033 & UG-170034 (Consolidated)	Washington Utilities and Transportation Commission Complainant, v. Puget Sound Energy, Respondent	Support of Settlement

State of West Virginia

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
09-1352-E-42T	Monongahela Power Company and the Potomac Edison Company, both d/b/a Allegheny Power Rule 42T Tariff Filing to Increase Rates and Charges	Rate Spread, Rate Design

State of Wyoming

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
20000-617-EM-22	In the Matter of the Application of Rocky Mountain Power to Increase Current Rates by \$27.8 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 Energy Cost Adjustment Mechanism and to Decrease Current Rates by \$1.6 Million Under Tariff Schedule 93, REC and SO2 Revenue Adjustment Mechanism	Recovery of Deferred Power Costs

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.:
	:	R-2024-3045192 (Water)
v.	:	R-2024-3045193 (Wastewater)
	:	C-2024-3046893
Veolia Water 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 Emily DeVoe
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
201 Fifth Avenue
Pittsburgh, PA 15222
edevoe@pa.gov

Christy Appleby, Esquire
Darryl A. Lawrence, Esquire
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Lauren N. Berman, Esquire
Ria M. Pereira, Esquire
Elizabeth R. Marx, Esquire
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org

DATE: May 17, 2024

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



COMMONWEALTH OF PENNSYLVANIA

June 7, 2024

The Honorable Emily DeVoe
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
201 Fifth Avenue
Pittsburgh, PA 15222

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

Dear Judge DeVoe:

Enclosed please find the Rebuttal Testimony of Neal Townsend, labelled **OSBA Statement No. 1-R and Exhibit**, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

Copies will be served on all known parties in these proceedings, as indicated on the attached Certificate of Service.

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)
Neal Townsend
Parties of Record

1 **CONCLUSIONS**

2 **Q. WHAT CONCLUSIONS DO YOU OFFER IN YOUR TESTIMONY?**

3 A. If the Commission adopts I&E’s recommendation to adjust other revenues for an
4 increase in late payment fees for VWPA’s water utilities, then I support
5 determining the individual class impacts of such an adjustment by allocating the
6 other revenue consistent with the appropriate class cost-of-service study for each
7 utility.

8
9 **RESPONSE TO THE I&E’S RECOMMENDATION TO INCREASE OTHER**
10 **REVENUES**

11 **Q. PLEASE DESCRIBE I&E’S RECOMMENDED ADJUSTMENT TO**
12 **OTHER REVENUES FOR THE WATER UTILITIES.**

13 A. I&E’s recommended adjustment to other revenues for the water utilities is
14 discussed on pages 12-14 of Mr. Sakaya’s direct testimony for both the Main
15 Division and Mahoning Township water utilities. Mr. Sakaya notes that VWPA
16 maintained the current level of other revenues in its proposed revenue at its
17 requested revenue requirement. Mr. Sakaya maintains that revenues from late
18 payment fees are likely to increase as a result of VWPA’s rate increase request.
19 Accordingly, Mr. Sakaya recommends an increase in other revenues of \$81,922
20 for the Main Division and \$9,179 for the Mahoning Township water utilities.

1 **Q. What is your response to Mr. Sakaya’s recommendation to increase other**
2 **revenues for the water utilities?**

3 A. I do not object to I&E’s recommended adjustment to other revenues. Given the
4 magnitude of VWPA’s requested increase it may be reasonable to expect an
5 increase in late payment revenue. I defer to Mr. Sakaya to support his
6 determination of the proper amount for each water utility.

7 **Q. Do you have any additional observations regarding Mr. Sakaya’s other**
8 **revenue adjustment?**

9 A. Yes. Mr. Sakaya presents the class impacts of his other revenue adjustment for
10 the Main Division in column (J) of I&E Exhibit No. 3, Schedule No. 3, p. 1 of 2.
11 For convenience, I have reproduced the class impacts for the Main Division from
12 Mr. Sakaya’s exhibit in Table 1 below.

13 **Table 1**
14 **Class Impacts of I&E Recommended Change in Other Revenue**
15 **Main Division per I&E Exhibit No. 3, Schedule No. 3**

<u>Customer Class</u>	<u>Amount</u>
Residential	(\$538,000)
Commercial	\$369,300
Industrial	(\$1,800)
Lg. Industrial	\$0
Public Authority	\$88,578
Sales for Resale	\$0
Private Fire	\$0
Public Fire	<u>\$0</u>
Total	(\$81,922)

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26 **Q. Do you agree with the class impacts depicted by Mr. Sakaya in I&E Exhibit**
27 **No. 3, Schedule No. 3?**

28 A. No. The results presented in Mr. Sakaya’s exhibit are inconsistent with the I&E
29 class cost-of-service workpaper supporting Mr. Sakaya’s direct testimony.

1 **Q. What are the class impacts of Mr. Sakaya’s other revenue adjustment in his**
2 **class cost-of-service study?**

3 A. In Table 2 below, I provide the class impacts using the results from Mr. Sakaya’s
4 class cost of service study workpaper.¹

5 **Table 2**

6 **Class Impacts of I&E Recommended Change in Other Revenue**
7 **Main Division per I&E Class Cost-of-Service Workpaper**

8	<u>Customer Class</u>	<u>Amount</u>
9	Residential	(\$42,671)
10	Commercial	(\$20,825)
11	Industrial	(\$1,360)
12	Lg. Industrial	(\$909)
13	Public Authority	(\$2,429)
14	Sales for Resale	(\$2,313)
15	Private Fire	(\$3,522)
16	Public Fire	<u>(\$7,852)</u>
17	Total	(\$81,922)

18 **Q. WHAT IS YOUR RECOMMENDATION REGARDING I&E’S OTHER**
19 **REVENUE ADJUSTMENT?**

20 A. If the Commission accepts Mr. Sakaya’s other revenue adjustment for the Main
21 Division water utility, then I support the class impacts as calculated using Mr.
22 Sakaya’s class cost-of-service study. I do not support the class impacts depicted
23 on I&E’s Exhibit No. 3, Schedule 3 for this adjustment.

24 **Q. Should the same treatment be applied to Mr. Sakaya’s other revenue**
25 **adjustment for the Mahoning Township water utility?**

¹ See the water utility workpaper provided in I&E Response to discovery request VWPA-I&E-I-3. The I&E allocation of other revenues in its class cost-of-service workpaper in this discovery response are compared to the VWPA allocation of other revenues in its class cost-of-service workpaper provided in VWPA’s response to discovery request OCA-1-14.

1 A. Yes. The other revenue adjustment should be allocated per the class cost-of-
2 service to determine the impact for each individual rate class.

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

4 A. Yes, it does.

EXHIBIT

REFERENCED INTERROGATORY RESPONSES

- I&E Response to discovery request VWPA-I&E-I-3
- VWPA's response to discovery request OCA-1-14

WORKPAPERS FOR INTERROGATORY RESPONSES

- workpaper provided in I&E Response to discovery request VWPA-I&E-I-3**: [VWPA-I&E-I-3 I&E Workpaper: R-2024-3045192 et al (VWPA) I&E Responses to VWPA Set I (no 3) - Sakaya - Attachment A - Water.xlsx]
- workpaper provided in VWPA's response to discovery request OCA-1-14**: [OCA 1-14 VWPA Workpaper: OCA-1-14 Attachment 1 Exhibit CEH-1 file as excel - ESLLC WP.xlsx]

****The above referenced workpapers, were previously served on all parties, at the time of service, for the above referenced interrogatory responses via electronic means only. Therefore, the OSBA will not be re-serving on all parties. If any party wishes to request the above referenced previously served workpapers, please contact Sharon E. Webb, at swebb@pa.gov****

**Pennsylvania Public Utility Commission v.
Veolia Water Pennsylvania, Inc.
Docket Nos. R-2024-3045192 and R-2024-3045193**

**Responses of the Bureau of Investigation and Enforcement to the
Interrogatories of Veolia Water Pennsylvania, Inc. – Set I
Witness: Esyan A. Sakaya**

VWPA-I&E-I-3 Please reference the Direct Testimony of Esyan A. Sakaya, I&E St.
No. 3:

- (a) Please provide a copy of all workpapers of Mr. Sakaya, in excel
or other electronic format, if available, with all calculations and
all links intact.

**Response Refer to the I&E Response to VWPA-I&E-I-1 - Sakaya -
Attachment A-Water (in Excel Format) and VWPA-I&E-I-1 -
Sakaya - Attachment B-Wastewater (in Excel Format)**

Pennsylvania Public Utility Commission
v.
Veolia Water Pennsylvania, Inc.
Docket No. R-2024-3045192 (Water)
R-2024-3045193 (Wastewater)

Interrogatories of the Office of Consumer Advocate
Set 1
Cost Allocation and Rate Design

- OCA-1-14** Please provide the following in Excel format with all formulas intact:
- a. Exhibit No. CEH-1, Water cost of service study; and Exhibit D VIII – 01i;
 - b. Exhibit No. CEH-2, Water cost of service study;
 - c. Exhibit No. CEH-3, Sewer cost of service study; and
 - d. Exhibit No. CEH-4, Water cost of service study.

Answer: Please see the attachments to this response.

Answer provided by: Constance Heppenstall
Title: Senior Project Manager, Rate Studies
Gannett Fleming Valuation and Rate Consultants, LLC
Address: 1010 Adams Avenue, Audobon, PA
Date: March 5, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

VERIFICATION

I, Neal Townsend, hereby state that the facts set forth in the Rebuttal Testimony labelled OSBA Statement No. 1-R and Exhibit, are true and 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 19 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 7, 2024

/s/ Neal Townsend

Neal Townsend, Principal
Energy Strategies, LLC

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.:
	:	R-2024-3045192 (Water)
v.	:	C-2024-3046893
	:	R-2024-3045193 (Wastewater)
Veolia Water Pennsylvania, Inc.	:	C-2024- 3046956
	:	

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DATE: June 7, 2024

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



COMMONWEALTH OF PENNSYLVANIA

June 21, 2024

The Honorable Emily DeVoe
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
201 Fifth Avenue
Pittsburgh, PA 15222

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

Dear Judge DeVoe:

Enclosed please find the Surrebuttal Testimony of Neal Townsend, labelled **OSBA Statement No. 1-S**, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

Copies will be served on all known parties in these proceedings, as indicated on the attached Certificate of Service.

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)
Neal Townsend
Parties of Record

OSBA STATEMENT NO. 1-S

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF PENNSYLVANIA**

Pennsylvania Public Utility Commission	:	
Office of Consumer Advocate	:	
Office of Small Business Advocate	:	Docket Nos.
	:	R-2024-3045192 (Water)
v.	:	R-2023-3045193 (Wastewater)
	:	
Veolia Water Pennsylvania, Inc.	:	

Surrebuttal Testimony of Neal Townsend

on behalf of

Pennsylvania Office of Small Business Advocate

June 21, 2024

Topics:

Revenue Allocation

Date Served: June 21, 2024

Date Submitted for the Record: _____

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CONCLUSIONS

Q. WHAT CONCLUSIONS DO YOU OFFER IN YOUR TESTIMONY?

A. For the Mahoning wastewater utility, I continue to recommend no rate increase for the Non-Residential class and moving the Residential class closer to its cost of service. As shown above in Table TNT-1-S, under my recommendation the Non-Residential rate class would still be paying a substantial subsidy (over \$400,000) to the Residential class. If the Commission orders a lower revenue increase, then the reduction should flow solely to the Residential rate class.

RESPONSE TO THE VWPA AND I&E’S CLASS REVENUE INCREASE

RECOMMENDATION FOR THE MAHONING WASTEWATER UTILITY

Q. PLEASE DESCRIBE VWPA’S AND I&E’S PROPOSED REVENUE INCREASE FOR THE MAHONING WASTEWATER UTILITY.

A. In their rebuttal testimonies, both VWPA witness Herbert and I&E witness Sakaya responded to my proposal that the Mahoning wastewater utility non-Residential customer class receive no rate increase in this case. Both Mr. Herbert and Mr. Sakaya continue to support the proposed revenue increase for each rate class in the Mahoning wastewater utility proposed by VWPA in its direct testimony despite the fact that the Non-Residential class is significantly paying rates well in excess of its cost of service. Both VWPA and I&E support scaling the increases should the Commission order a lower revenue increase.

1 **Q. WHAT RATIONALE DID VWPA WITNESS MR. HERBERT USE TO**
2 **SUPPORT MAINTAINING THE CLASS REVENUE INCREASES IN HIS**
3 **DIRECT TESTIMONY?**

4 A. Mr. Herbert cited gradualism because the residential rate class would, in Mr.
5 Herbert's opinion, suffer rate shock under VWPA's requested increase if my
6 recommendation was adopted. Thus, he continues to support the class revenue
7 increases in his direct testimony for the Mahoning wastewater utility with a scale
8 back if a lower revenue increase is ordered in this proceeding.

9 **Q. WHAT RATIONALE DID I&E WITNESS MR. SAKAYA OFFER FOR**
10 **HIS CONTINUED SUPPORT FOR THE CLASS REVENUE INCREASE**
11 **PPRPOSED BY VWPA?**

12 A. Mr. Sakaya noted only that the percentage increase for the Residential class was
13 higher than the percentage increase for the Non-Residential class. Mr. Sakaya
14 maintains that this difference in percentage increases for each class recognizes the
15 cost differences presented in the class cost -of-service.

16 **Q. DO THE ARGUMENTS PUT FORTH BY VWPA AND I&E CHANGE**
17 **YOUR POSITION REGARDING NO INCREASE FOR THE NON-**
18 **RESIDENTIAL CLASS?**

19 A. No. While I agree that gradualism and rate shock are important considerations, I
20 also believe that the underlying cost to serve each class is an equal, if not more
21 important, consideration. In my opinion, in this particular case a stronger
22 movement towards cost for the Non-Residential class is warranted. As shown in
23 Table TNT-1-S below, even under present rates, the revenues collected from the

1 Non-Residential class are significantly above its cost-of-service under VWPA’s
2 requested revenue requirement.¹

3 **Table TNT-1-S**

4 **Non-Residential Class Present Revenues vs Cost-of-Service**
5 **At VWPA’s Requested Revenue Increase**

6	Revenues @ Present Rates	\$699,679
7	Cost-of-Service @ VWPA Request	<u>\$285,031</u>
8	Non-Residential Over-Recovery	\$414,648
9	Present Rev. as Percentage of Cost	245.5%

10 As shown in Table TNT-2-S below, under VWPA’s proposed 17.3 percent
11 revenue increase, the Non-Residential class moves even further away from its
12 cost-of-service.

13 **Table TNT-2-S**

14 **Non-Residential Class Proposed Revenues vs Cost-of-Service**
15 **At VWPA’s Requested Revenue Increase**

16	Revenues @ VWPA Proposed Rates	\$820,536
17	Cost-of-Service @ VWPA Request	<u>\$285,031</u>
18	Non-Residential Over-Recovery	\$535,505
19	Proposed Rev. as Percentage of Cost	287.9%

20 Given these results, in my opinion, the wastewater rates for the Non-Residential
21 class are neither just nor reasonable under either the present or proposed VWPA
22 rates.

23 **Q. GIVEN THE REBUTTAL VWPA AND I&E REBUTTAL TESTIMONY,**
24 **HAS YOUR RECOMMENDATION FOR THE MAHONING**
25 **WASTEWATER UTILITY CHANGED?**

¹ 1. Data Source: VWPA witness Constance E. Heppenstall’s direct testimony, Exhibit No. CEH-3.

1 A. No. I continue to recommend no rate increase for the Non-Residential class and
2 moving the Residential class closer to its cost of service. As shown above in
3 Table TNT-1-S, under my recommendation the Non-Residential rate class would
4 still be paying a substantial subsidy (over \$400,000) to the Residential class.

5 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS?**

6 A. Yes. The Office of Consumer Advocate (“OCA”) witness Jerome D. Mierzwa
7 also responded to my recommendation in his rebuttal testimony. Mr. Mierzwa
8 recommended reducing the 17.3% Non-Residential increase down to 10.0% at
9 VWPA’s requested increase. Mr. Mierzwa also supports a proportional reduction
10 in this increase if the Commission orders a lower revenue increase.

11 **Q. DOES THE OCA OFFER ANY RATIONALE FOR ITS PROPOSED 10%
12 RECOMMENDATION?**

13 A. Yes. Mr. Mierzwa maintains that all rate classes should receive an increase when
14 there is an overall rate increase. Thus, Mr. Mierzwa recommended the 10%
15 figure.

16 **Q. WHAT IS YOUR RESPONSE TO THE OCA RECOMMENDATION?**

17 A. I appreciate the fact that OCA acknowledges the significant Non-Residential
18 revenue and cost misalignment. However, I believe that more progress can and
19 should be made in this rate case to bring the Non-Residential class closer to its
20 cost-of-service. As I noted above, even with my recommendation for no increase
21 to the Non-Residential class, there will still be a significant subsidy being paid
22 (over \$400,000) by the Non-Residential class to the Residential class. Mr.

1 Mierzwa's 10% recommendation simply doesn't make sufficient progress towards
2 costs and should not be adopted.

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

4 **A.** Yes, it does.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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Date: June 21, 2024

/s/ Neal Townsend _____
Neal Townsend, Principal
Energy Strategies, LLC

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.:
	:	R-2024-3045192 (Water)
v.	:	C-2024-3046893
	:	R-2024-3045193 (Wastewater)
Veolia Water Pennsylvania, Inc.	:	C-2024- 3046956
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DATE: June 21, 2024

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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.:
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pulp@pautilitylawproject.org

DATE: July 10, 2024

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