



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

September 6, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
The Newtown Artesian Water Company
Docket No. R-2024-3050208
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 of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

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

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

MAP/ac
Enclosures

cc: Administrative Law Judge Eranda Vero (*via email* – evero@pa.gov)
Per Certificate of Service

I. INTRODUCTION

On July 19, 2024, Newtown Artesian Water Company (“NAWC” or “Company”) filed proposed Supplement No. 158 to Tariff Water – Pa. P.U.C. No. 9 (“Supplement No. 158”), with a proposed effective date of September 18, 2024. The rates set forth therein, if approved by the Commission, would increase NAWC’s annual jurisdictional revenues by \$922,419, or 14.1%.

On August 7, 2024, the Office of Consumer Advocate (“OCA”) filed a Formal Complaint and Public Statement. On August 8, 2024, the Office of Small Business Advocate (“OSBA”) filed a Formal Complaint and Public Statement. On August 13, 2024, I&E filed its Notice of Appearance. Additionally, various individuals have filed oppositions to NAWC’s proposed rate increase.

On August 22, 2024, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates by operation of law until April 18, 2025, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. The case was assigned to the Office of Administrative Law Judge (“OALJ”) for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

Pursuant to the Prehearing Conference Order issued on August 29, 2024, a telephonic Prehearing Conference is scheduled on September 9, 2024 at 10:00 a.m. before Administrative Law Judge Eranda Vero (“ALJ”).

II. ISSUES

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

1. Wages and Benefits;
2. Purchased Water;
3. Purchased Power;
4. Insurance;
5. Materials and Supplies;
6. Chemicals;
7. Contractual Services;
8. Transportation;
9. Rate Case Expense;
10. Memberships, Subscriptions, Dues, and Fees;
11. Office Expense and Utilities;
12. Uniforms;
13. Directors' Fees;
14. Travel;
15. Lobbying and Advertising Expense;
16. Fines and Penalties;
17. Regulatory Assessments;
18. Misc Expense;
19. Taxes Other than Income;
20. Proxy Group;
21. Cost of Debt;
22. Capital Structure;
23. Cost of Equity Analysis (including the methods and adjusted data used);
24. Small Size Premium Adjustment;
25. Leverage Adjustment for Market to Book Ratio Difference;
26. Business and Financial Risk Assessments;
27. Overall Rate of Return;
28. Plant in Service;
29. Accumulated Depreciation;
30. Annual Depreciation Expense;
31. Materials and Supplies;
32. Usage per Customer Projections;
33. Forfeited Discounts;
34. Customer Count Projections;
35. Usage Per Customer;
36. Rate Structure;
37. Rate Design;
38. Revenue Allocation;

39. Customer Charges;
40. Forfeited Discounts;
41. Miscellaneous Service Revenue;
42. Other Water Revenue;
43. Revenue Allocation;
44. Late Payment Revenue;
45. Lost and Unaccounted for Water; and
46. Purchase Water Adjustment

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

III. WITNESSES

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

1. Vanessa Okum, Fixed Utility Financial Analyst (Issues 1-19);
2. D. C. Patel, Fixed Utility Financial Analyst (Issues 20-27);
3. Esyan Sakaya, Fixed Utility Valuation Engineer (Issues 28-46); and
4. Christine Wilson, Fixed Utility Financial Analyst Supervisor

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

IV. EVIDENCE

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

there may be issues of law or Commission policy that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony. I&E thereby reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

V. DISCOVERY

Discovery in this matter has begun and is ongoing. I&E will work with the parties to determine the appropriate discovery modifications in this proceeding. I&E supports the discovery modifications proposed by OCA.

VI. SCHEDULE

I&E will work with the parties and the ALJ to develop a mutually agreeable litigation schedule in this proceeding. As of this date, the parties have not yet agreed on a schedule.

I&E supports the following litigation schedule proposed by OCA:

Non-Company Direct Testimony	October 4, 2024
Rebuttal Testimony	November 1, 2024
Surrebuttal Testimony	November 15, 2024
Rejoinder Outlines	November 20, 2024
Hearings	November 21-22, 2024
Main Briefs	December 13, 2024
Reply Briefs	December 27, 2024

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

VII. PUBLIC INPUT HEARINGS

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

VIII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony, briefs, and other documents during this proceeding, and consistent with Commission regulations and policy, I&E proposes to both only serve and accept electronic delivery of documents.

IX. ALTERNATIVE DISPUTE RESOLUTION

Pursuant to the Suspension Order issued on August 22, 2024, the Commission assigned this matter to the Office of Administrative Law Judge for Alternative Dispute Resolution, if possible. I&E does not take a position regarding whether this matter proceeds through the litigation or mediation process and will support the Company's decision.

X. SETTLEMENT

I&E will maintain an open dialogue and is willing to make good faith efforts to successfully resolve this matter through settlement. In the event settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,



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

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

Dated: September 6, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2024-3050208
 :
 The Newtown Artesian Water Company :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated September 6, 2024, in the manner and upon the persons listed below:

Served via Electronic Mail Only

Courtney L. Schultz, Esq.
Shane P. Simon, Esq.
Saul Ewing LLP
1500 Market Street, 38th Floor
Philadelphia, PA 19102
courtney.schultz@saul.com
shane.simon@saul.com
Counsel for
Newtown Artesian Water Company

Christy M. Appleby, Esq.
Katherine M. Kennedy, Esq.
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
cappleby@paoca.org
kkennedy@paoca.org

Thomas J. Walsh III, Esq.
3655 Route 202, Suite 105
Doylestown, PA 18902
twalsh@walshlaw.com
Counsel for
Newtown Artesian Water Company

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



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