

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2024-3051816
Office of Consumer Advocate	:	C-2024-3051996
Office of Small Business Advocate	:	C-2024-3052127
	:	
v.	:	
	:	
Audubon Water Company	:	

PREHEARING ORDER

On October 25, 2024, Audubon Water Company⁶ (Audubon), Utility Code 210060, filed Supplement No. 7 to Tariff Water – Pa. PUC No. 4 (Supplement No. 7) with the Pennsylvania Public Utility Commission (Commission) to become effective December 26, 2024. Supplement No. 7 would increase Audubon’s total annual operating revenues for water service by approximately \$999,975, or 33.8%.

On November 6, 2024, the Office of Consumer Advocate (OCA) filed a public statement and Formal Complaint at Docket No. C-2024-3051996. In addition to the Formal Complaint filed by OCA, a formal complaint was filed by the Office of Small Business Advocate on November 15, 2024, at Docket No. C-2024-3052127. No other formal complaints or petitions to intervene have been filed, to date.

By Order entered December 5, 2024, the Commission suspended the implementation of Supplement No. 7 to Tariff Water - Pa. PUC No. 4 by operation of law, pursuant to 66 Pa.C.S. § 1308(d), until July 26, 2025, unless permitted by Commission Order to become effective at an earlier date, and instituted an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations proposed in Supplement No. 7.

On December 4, 2024, the Office of Administrative Law Judge (OALJ) scheduled a prehearing conference to be conducted telephonically on December 16, 2024; and

the presiding officer issued the Prehearing Conference Order which advised the parties about various procedural issues including the necessity of filing prehearing memoranda.

On December 16, 2024, Administrative Law Judge Katrina L. Dunderdale conducted a call-in telephonic prehearing conference with the parties in which various procedural matters were discussed, and a litigation schedule was established. Present during the call-in telephonic prehearing conference were counsel representing Audubon, BIE, OCA and OSBA.

The parties addressed the following matters: the procedural schedule; service of documents; identification of witnesses and subject area of testimony; location and start time of hearings; and need for public input hearings; discovery modifications. This Prehearing Order memorializes those matters discussed, decided and agreed to by the parties during the prehearing conference on December 16, 2024.

Consolidation

The following cases were docketed separately as complaints but arose from Audubon's base rate filing. Therefore, they will be consolidated into the proceeding docketed at No. R-2024-3047068, pursuant to 52 Pa.Code § 5.81:

Office of Consumer Advocate at C-2024-3051996
Office of Small Business Advocate at C-2024-3052127

Identification of Company Filing

The Company will identify its filing, including the marking of statements and exhibits, when it presents the filing at the start of the initial hearing. In the interim, the Company will provide a hard copy of the filing to the presiding officer and include a geographical map that reflects Audubon's current territory.

Procedural Schedule

The parties discussed the litigation schedule at length and agreed to the following schedule:

Other Party’s Direct Testimony	January 22, 2025
Written Rebuttal Testimony	February 13, 2025
Public Input Hearings	TBD
Written Surrebuttal Testimony	February 26, 2025
Written Rejoinder Outlines	March 3, 2025
Hearings	March 5-6, 2025
Close of Record	March 6, 2025
Main Briefs	March 21, 2025
Reply Briefs	April 4, 2025
Last Public Meeting before suspension date	July 10, 2025

All due dates in the litigation schedule are for service “in-hand” by 4:00 p.m. Electronic or e-mail service will satisfy the “in-hand” requirement if done by 4:00 p.m. Electronic or e-mail service should be followed by service of a hard copy that may be served by first-class mail.

Service of Documents

The parties are also directed to provide an e-version in Word format and hard copy of testimony and briefs to the presiding officer and any technical advisors in the Commission’s Bureau of Technical Utility Services - once informed by the presiding officer as to who the technical advisors are. This Commission’s requirements for the preparation and filing of written testimony and related exhibits are set forth in 52 Pa.Code § 5.412. In addition, the lines and pages are to be numbered.

Evidentiary Hearings

The evidentiary hearings will be conducted telephonically and will commence at **9:00 a.m.** on March 5, 2025, and on March 6, 2025. The parties must inform the presiding officer before **12:00 p.m.** on March 4, 2025, in the event the parties intend to submit little or no new testimony at the evidentiary hearing with no more than limited cross examination anticipated.

Witness Lists

The Company will coordinate an agreement amongst the parties as to the order of witnesses, with the understanding the utility's witnesses will go first. Counsel for the utility will provide that list to the presiding officer on or before March 4, 2025.

Any party which has not set forth its witness list, including the subject area of proposed testimony, in its prehearing memorandum must provide that information to the presiding officer and the other parties no later than two (2) weeks prior to the due date for direct testimony. Motions with respect to written testimony must be presented in writing no later than 24 hours prior to the day the witness is scheduled to testify.

Public Input Hearings

OCA requested four public input hearings in the territory served by Audubon. Neither Audubon nor the other parties concurred with the request. Commission policy provides at least one public input hearing should be held in a utility's service area if the Commission determines there is substantial public interest in a rate proceeding. 52 Pa.Code § 69.321(b). As of the date of the prehearing conference, comments about the proposed base rate increase were received from ten individuals, of whom one individual requested a public input hearing. The presiding officer does not find that substantial public interest exists to warrant holding in-person public input hearings, however, the Commission has determined that public input hearings must be conducted in base rate proceeding. Accordingly, the Office of Administrative Law Judge will

schedule two public input hearings to be conducted in-person in or near the territory serviced by Audubon and two public input hearings to be conducted telephonically. The specifics as to date, time, city and location will be announced once the OALJ confirms the specifics for each location, however, the OALJ will attempt to schedule these public input hearings as early in the month of February as possible.

Audubon is to advertise the public input hearings in a timely fashion and to work with any interested parties regarding the wording of the public input hearing announcements, and where and how the public input hearing announcements are to be published and/or broadcast. Prior to the public input hearing, Audubon will file with the Secretary's Bureau, with a copy to the presiding officer, a document which provides the wording of the public input hearing announcement, where it appeared and on what dates.

Discovery

The parties agreed to modify discovery rules consistent with a request from OCA. All parties are urged to engage in informal discovery whenever possible and to the extent necessary in this remanded proceeding. This Commission's procedures for discovery are set forth in 52 Pa.Code §§ 5.321 *et seq.* The presiding officer will rule on objections to discovery in an expeditious manner and may do so as part of an informal telephone conference. The parties **should not** send discovery material **or cover letters** to the presiding officer unless attached to a motion to compel. All motions to compel **must** contain a certification from counsel setting forth the informal steps taken to resolve the dispute including dates and times. The modifications to the discovery rules are:

- A. Answers to written interrogatories and requests for document production, entry for inspection, or other purposes shall be served in-hand within ten (10) calendar days of service.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within three (3) calendar days of service of the interrogatories; unresolved objections shall be served in writing to the propounding party within five (5) calendar days of service of the interrogatories and/or requests for production.

- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of written objections.
- D. Answers to motions to dismiss objections and/or answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of such motions.
- E. Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.
- F. Answers to on-the-record data requests shall be served in-hand within five (5) calendar days of the requests.
- G. Any discovery or discovery-related pleadings (such as objections, motions, and answers to same) served after served after 4:30 p.m. Monday through Thursday or after 1:30 p.m. on a Friday or the day before a holiday will be deemed to have been served on the next business day for purposes of calculating the due date for any responsive filing.

After rebuttal is served, the deadlines will be reduced as follows:

- A. Answers to interrogatories and responses to requests for document production, entry for inspection, or other purposes shall be served within five (5) calendar days of service of the interrogatories or requests for production.
- B. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within two (2) calendar days of service; unresolved objections shall be served on the propounding party in writing within three (3) calendar days of service of the interrogatories and/or requests for production.
- C. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within two (2) calendar days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within two (2) calendar days of service of such motions.
- E. Requests for admission shall be deemed admitted unless answered or objected to within three (3) calendar days of service.
- F. Discovery requests and discovery related pleadings (such as objections, motions, and answers to same) served after 4:30 p.m. Monday through Thursday or after 1:30 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.

Stipulations and Settlements

The parties are to engage in discussions with each other prior to the date of the evidentiary hearings and be prepared to submit into the record all stipulations as to facts. The stipulations must be in writing and signed by respective counsel for the parties. The Commission encourages settlements. 52 Pa.Code § 5.231(a). If all or some of the parties reach a settlement, the joint settlement petition must be served on the presiding officer on or before the date set for filing reply briefs (*i.e.*, April 4, 2025).

Briefs

The parties should comply with the briefing requirements set forth in 52 Pa.Code § 5.501 *et seq.* and as further specified in Attachment A (“Special Instructions for Briefs and Exceptions in Major General Rate Increase Proceedings”). Please provide the Administrative Law Judge, and the Fixed Utility Services’ advisors as applicable, with one printed copy and one electronic copy of each brief and reply brief in a format compatible with the Word format. Page limitations and the use of a common brief outline will be discussed with the parties on the last day of hearings or, in the event of a settlement, by separate interim order.

Official Service List

The official service list will include those parties in attendance at the prehearing conference on December 16, 2024, and any additional parties filing a future formal complaint or petition to intervene if the formal complaint or petition to intervene is consolidated herein by separate order. Each party will be limited to one address on the service list. A complete service list is attached hereto.

THEREFORE,

IT IS ORDERED:

1. That the procedural schedule and other matters are set forth below:

Other Party's Direct Testimony	January 22, 2025
Written Rebuttal Testimony	February 13, 2025
Public Input Hearings	TBD
Written Surrebuttal Testimony	February 26, 2025
Written Rejoinder Outlines	March 3, 2025
Hearings	March 5-6, 2025
Close of Record	March 6, 2025
Main Briefs	March 21, 2025
Reply Briefs	April 4, 2025

2. That, except for requests reasonably made during a hearing, any requests for a change in the scheduled dates must be submitted to the Administrative Law Judge in writing no later than five (5) business days prior to the scheduled date. 52 Pa.Code § 1.15(b). Requests for changes must establish good cause, must state the agreement or opposition of other parties, and must be sent to the presiding officer and all parties of record.

3. That evidentiary hearings will be scheduled in this proceeding to be conducted telephonically starting at **9:00 a.m. on March 5, 2025, and March 6, 2025**. The presiding officer may change the location and start times of the evidentiary hearings, if appropriate, to accommodate judicial convenience.

4. That in-person public input hearings shall be conducted in one location (to be determined), with the preferred site being in or near Audubon Water Company's territory in Lower Providence Township, Montgomery County, Pennsylvania. A scheduling notice will be

issued by the Office of Administrative Law Judge which specifies the date, time, city and site for each public input hearing.

5. That Audubon Water Company will advertise the public input hearings in a timely fashion and provide the presiding officer and parties with the final draft of the advertisement prior to publication of the advertisement. Audubon Water Company will work with any interested party in the wording of the public input hearing announcements, plus where and how the public input hearing announcements will be published and/or broadcast. Prior to the initial public input hearing, Audubon Water Company will file with the Secretary's Bureau a document which provides the wording of the public input hearing announcements, where it appeared and on what dates.

6. That the rate proceeding docketed at No. R-2024-3051816 is consolidated with the formal complaints docketed below:

Office of Small Business Advocate at Docket No. C-2024-3051996
Office of Consumer Advocate at Docket No. C-2024-3052127

Date: December 19, 2024

Katrina L. Dunderdale
Administrative Law Judge

Appendix A

Special Instructions for Briefs and Exceptions in General Rate Increase Proceedings

1. Each brief shall follow the general organization shown in the attached standardized format.
2. Each brief shall contain a table of contents with page references to a summary of argument and to each topic addressed in the argument.
3. Adjustments contained in each brief shall:
 - a. be based on a specific test year, to be selected before the close of the record;
 - b. be complete and self contained, include accurate reference to the appropriate record sources, be on a before-income-tax basis (never on a net income or revenue requirement basis) and be on a consistent jurisdictional basis (if record support cannot be located, the adjustment may/will be rejected);
 - c. be detailed to demonstrate the step-by-step calculation of that adjustment together with appropriate accurate record references (once again, if the record support cannot be located for the necessary steps, the adjustment may/will be rejected);
 - d. include concomitant rate base, revenue, expense, depreciation expense, and tax (i.e., taxes other, State Income, and federal Income) adjustments set forth, together with the details of their calculation;
 - e. include within the brief calculations which are the basis for proposed adjustments, but which are incomplete in the record.
4. Tables showing all proposed rate base and income adjustments, organized as shown in the attached Table I and Table II, shall be submitted with each brief which includes such adjustments.
 - a. The starting point of Table I “Income Summary” shall be the utility’s final pro forma showing at present rates. The ALJ shall specify the starting point to be the most recent update admitted into evidence. The update, admission, and ALJ ruling shall be cited on the table.
 - b. The effect of deferred or accrued taxes on the various tax adjustments presented in Table II “Summary of Adjustments” shall be indicated by a footnote.

5. The following schedules shall be submitted with each brief.
 - a. A schedule showing the precise derivation of any adjustment to proposed cash working capital allowance.
 - i. The schedule describing an adjustment to a Utility's claim for Cash Working Capital shall separately list (1) adjustments originating from Table II "Summary of Adjustments" and (2) adjustments resulting from the proposed revenue increase. Any effect on deferred and/or accrued taxes shall be shown in a separate column or footnote.
 - ii. Net Revenue and Expense Lag Days for all Cash Working Capital Adjustments shall be calculated to at least one decimal place.
 - b. A schedule showing all tax and jurisdictional allocation factors utilized (any deviations from standard or obvious factors should be explained on the schedule on in the brief).
 - c. A schedule listing, for the party or parties filing the brief, each exhibit or other document admitted into the record, along with the date the document was identified and the date the document was admitted.

6. Rate structure proposals shall be reasonably specific and explicit, shall, as appropriate, refer accurately to record support and shall be summarized at the end of the "Rate Structure" topic heading of each brief.

7. Parties shall, as feasible and appropriate, discuss alternative rate design proposals for overall rate increases at and below the requested increase.

8. The Commission requires, in all electric utility rate proceedings, subsequent to its Order at Docket No. I-900005, entered December 1, 1993, that issues of demand-side management and integrated resource planning be addressed.

9. Regarding the filing of exceptions, the following instructions are provided:
 - a. Each exception shall be separately identified and, as necessary, discussed.
 - b. Each exception shall include, before any discussion is provided, the following elements (see examples attached):
 - i. a reference to the relevant part of the Recommended Decision, at least to the relevant pages;
 - ii. a reference to related discussions in the excepting party's brief and, as appropriate, to other briefs; and
 - iii. a concise statement of the exception.
 - c. The exceptions shall follow the order of presentation provided in the table of contents to the Recommended Decision.
 - d. If a party takes exception concerning a topic not included within the Recommended Decision or the table of contents thereto, the appropriate exception shall be included at the end of the appropriate major topic heading (such as "Rate Base" or "Expenses").
 - e. If a party seeks to correct computations associated with the Recommended Decision, replacement computations, with source references to briefs or the record, shall be provided.

Standardized Brief Format for
General Rate Increase Proceedings

- I. Introduction
- II. Summary of Argument
- III. Rate Base
 - A. Fair Value
 - B. Plant in Service
 - C. Depreciation Reserve
 - D. Additions to Rate Base
 - E. Deductions from Rate Base
 - F. Conclusion
- IV. Revenues
- V. Expenses
- VI. Taxes
- VII. Rate of Return
- VIII. Miscellaneous Issue
- IX. Rate Structure
 - A. Cost of Service
 - B. Revenue Allocation
 - C. Tariff Structure
 - D. Summary and Alternatives
- X. Conclusion

Note: Appropriate modifications may be made. For instance, a party might add “Affiliated Interest Expenses” as a major topic heading or might brief only rate structure and not use other topic headings. A summary and alternatives should be provided under “Rate Structure” but the “Rate Base” and “Rate Structure” formats shown may be modified, as appropriate. Additional subheadings should be used, as appropriate.

TABLE I
INCOME SUMMARY
(\$000)

	<u>Pro Forma</u> <u>Present</u> <u>Rates</u> \$	<u>Recommended</u> <u>Adjustments</u> \$	<u>Adjusted</u> <u>Present</u> <u>Rates</u> \$	<u>Revenue</u> <u>Adjustment</u> \$	<u>Total</u> <u>Allowable</u> <u>Revenues</u> \$
Operating Revenues	_____	_____	_____	_____	
Deductions:					
O&M Expenses					
Depreciation					
Taxes:					
State					
Federal					
Other	_____	_____	_____	_____	
Total Deductions	_____	_____	_____	_____	
Net Income Available for Return	=====	=====	=====	=====	
Rate Base					
Recommended Rate of Return					

TABLE II

SUMMARY OF ADJUSTMENTS
(\$000)

<u>Recommended Adjustments</u>	<u>Exhibit Reference</u>	<u>Rate Base Effect</u>	<u>Revenue Effect</u>	<u>Expense Effect</u>	<u>Depreciation Effect</u>	<u>Effect Upon Taxes - Other</u>	<u>State Tax Effect</u>	<u>Federal Tax Effect</u>
		\$	\$	\$	\$	\$	\$	\$
Total Adjustments		_____	_____	_____	_____	_____		
Company Rate Base		_____	=====	=====	=====	=====	=====	=====
Recommended Rate Base		_____	=====	=====	=====	=====	=====	=====

R-2024-3051816, C-2024-3052127, C-2024-3051996 - PENNSYLVANIA PUBLIC UTILITY COMMISSION v. AUDUBON WATER COMPANY

Revised: December 12, 2024

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