

COMMONWEALTH OF PENNSYLVANIA



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May 11, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
Montgomery County Sewer, Inc.

R-2026-3061282

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby, Esq.
Senior Assistant Consumer Advocate
PA Bar ID # 85824
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Enclosures

cc: Administrative Law Judge Barbara Shadie Nause (email only)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 : Docket Nos. R-2026-3061282
 v. :
 :
 Montgomery County Sewer, Inc. :

I hereby certify that I have this day filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Prehearing Conference Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 11th day of May, 2026.

SERVICE BY E-MAIL ONLY

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Dated: May 11, 2026

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Counsel for:
Darryl Lawrence
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket Nos. R-2026-3061282
v.	:	
	:	
Montgomery County Sewer, Inc.	:	

PREHEARING CONFERENCE MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to the Prehearing Conference Order issued on April 30, 2026 in the above-captioned proceeding, by the Honorable Administrative Law Judge (ALJ) Barbara Shadie Nause, of the Office of Administrative Law Judge (OALJ) of the Pennsylvania Public Utility Commission (Commission), and pursuant to Section 333 of the Public Utility Code (Code), 66 Pa. C.S. Section 333, the Commission’s regulations at 52 Pa. Code Sections 5.221-5.224, the Pennsylvania Office of Consumer Advocate (OCA) submits the following Prehearing Conference Memorandum.

I. INTRODUCTION AND PROCEDURAL HISTORY

On March 23, 2026, Montgomery Sewer, Inc. (Montgomery Sewer or the Company) filed Tariff No. 2 to Tariff Wastewater No. 1 with the Commission. The Company proposes to increase rates to produce additional overall revenues of \$84,600, or by 51.1%. If the full request is approved, Montgomery Sewer proposes to increase residential annual customer bills from \$400 to \$700, or by 75%. ECH provides wastewater service to approximately 414 customers in Montgomeryville, Montgomery County.

On April 7, 2025, the Office of Small Business Advocate (OSBA) filed a Complaint. Two consumers have also filed Formal Complaints.

On May 11, 2025, the OCA filed a Notice of Intervention, Public Statement, and Notice of Appearance in this proceeding to protect the interests of consumers in the Company's service territory and to ensure that the Company is permitted to implement only a level of rates that is just and reasonable and in accordance with sound ratemaking principles.

On, the Commission issued an Order that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing in addition to the Company's existing rates, rules, and regulations, assigned this matter to the OALJ for further proceedings as appropriate, and suspended the effective date of the tariff until February 1, 1027.

The OCA acknowledges that Prehearing Memorandum were due on Friday, May 8, 2026. The OCA determined late that it would intervene in this proceeding and respectfully requests that Your Honor accept this late-filed Prehearing Memorandum. The OCA will be prepared to participate fully in the Prehearing Conference on Tuesday, May 12, 2026.

II. ISSUES

Based upon a preliminary analysis of the Company's filing, the OCA has compiled a list of issues which it anticipates will be included in its investigation of the Company's rate request. The OCA will also examine whether the proposed filing requirements have been met to support the proposed requested rate increase. It is anticipated that other issues may arise and may be pursued once the answers to all the OCA's interrogatories have been received and analyzed.

A. Rate Base/ Measure of Value

1. The OCA will examine the reasonableness and accuracy of Company's projections related to the utility plant in service at the time relevant to this proceeding.

2. The OCA will review the Company's claim for plant additions during the test year ending December 31, 2025.

3. The OCA will examine the Company's projections of non-investor supplied funds, including but not limited to, customer deposits, customer advances for construction, and contributions in aid of construction.

4. The OCA will examine the Company's claim for materials and supplies.

5. The OCA will examine the Company's calculation and amount of cash working capital.

B. Revenues and Expenses

1. The OCA will examine the Company's claimed revenues and any adjustments to the level of revenues.

2. The OCA will seek to ascertain whether the Company's claimed expenses are supported, reasonable, and appropriate.

3. The OCA will examine whether the Company's claims of sales and revenues are reasonable and accurate.

4. The OCA will examine whether the Company's claims of operating labor and maintenance labor are reasonable and accurate.

5. The OCA will examine the reasonableness of the Company's proposed purchased power expense and purchased water claims.

6. The OCA will examine the justness and reasonableness of the Company's claims for other operations and maintenance expenses.

7. The OCA will examine the justness and reasonableness of the Company's claimed uncollectibles expense.

8. The OCA will examine the Company's claimed revenues and any adjustments to the level of revenues.

C. Rate of Return

1. The OCA will examine the reasonableness of the proposed return on cost of common equity of 11.00% and the proposed capital structure.

D. Rate Structure/ Cost of Service / Rate Design/ Tariffs

1. The OCA will examine the reasonableness of Company's proposed distribution or allocation of the revenue increase among customer classes to determine whether the proposal meets all legal requirements and sound ratemaking principles.

2. The OCA will examine all other cost allocation and rate design proposals.

D. Other Issues

1. The OCA will examine any relevant issues that arise as a result of the Company's operations.
2. The OCA will investigate to ensure that the Company is complying with all prior orders.
3. The OCA will examine the Company's proposed tariff changes to increase the return check fee to \$30.00, the property lien fee to \$350.00, and the sewer certification fee to \$50.00.
4. The OCA reserves the right to examine other issues affecting the Company's revenue requirements, rates, charges, and other tariff provisions as they are identified through discovery.

III. WITNESSES

The OCA has not yet determined whether it will present a witness in this proceeding. The OCA will inform Your Honor and the parties as soon as possible if the OCA determines to present a witness in this proceeding.

IV. PROPOSED SCHEDULE

The OCA will work with the parties to develop a mutually agreeable procedural schedule.

V. SERVICE ON THE OCA

The OCA respectfully requests that the Presiding Officer permit electronic service without the requirement of a follow-up hard copy. The OCA will be represented in this case by the attorneys listed below.

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Harrison Breitman, Assistant Consumer Advocate
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The OCA also requests that the ALJs instruct the parties on the record as to whether consumers who have filed formal rate complaints in this proceeding should be included on the

official service lists if those complainants have not indicated either at the prehearing conference, or prior to the prehearing conference, that they wish to be active parties to this proceeding.

For the purposes of the Prehearing Conference, Christy Appleby will be the primary attorney speaking on behalf of the OCA.

VI. SETTLEMENT

The OCA will participate in settlement discussions in this matter.

VII. DISCOVERY

The OCA will not be requesting any discovery rule modifications.

VIII. PREHEARING PROCEDURES

The OCA requests that the ALJs in their Prehearing Conference Order and Evidentiary Hearing Notice clarify that:

A. Evidentiary hearing exhibits need not include all pre-served testimony which is circulated to the ALJs and parties in this proceeding in accordance with the above-referenced procedural schedule. However, such pre-served testimony may be identified for movement into the record at the hearing through an inventory of pre-served testimony which is provided as a hearing exhibit.

B. Evidentiary hearing exhibits may be provided to the ALJs and parties by 10am the day before the start of evidentiary hearings with the exception of hearing exhibits related to rejoinder which may be provided by the end of the day on same day.

IX. PUBLIC INPUT HEARINGS

The OCA will be prepared to discuss public input hearings at the prehearing conference. Given the magnitude of the impact of the requested rate increase on residential customers, the size of the customer base, and the complaints received thus far in this matter, the OCA respectfully requests that one in-person public input hearing be held at the Public Utility Commission in Montgomery County for the Company's customer base impacted by this rate filing.

The OCA also requests that the date, time, and location be placed on the hearing notice and all advertisements regarding the public input hearing.

Regarding publication of the notice of public input hearing, in addition to the Company publishing the notice in a newspaper of general circulate for its service territories, the OCA respectfully requests that the Company post notice of the public input hearing on all of their social media platforms at least twice per week during each week prior to the scheduled dates of the public input hearing. Finally, the OCA requests that the Company be directed to send notice of the public input hearing via a bill insert during a billing cycle to occur shortly after this prehearing conference and prior to the scheduled dates of the public input hearings.

Based on the OCA's long experience with public input hearings, history has shown that Mondays and Fridays are generally the worst days to schedule public input hearings as attendance is usually poor. Accordingly, the OCA respectfully requests that the Commission schedule these public input hearings on either a Tuesday, Wednesday or Thursday.

Attached as **Appendix A** is the OCA's proposed draft Notice for the Public Input Hearing (to be completed with details as determined by the presiding ALJs). The OCA requests the following:

A. Given the size of the customer base and service territory, a total of one (1) Public Input Hearings be held in-person.

B. The in-person public input hearing be held in the afternoon at the Public Utility Commission in Harrisburg, Pennsylvania.

C. Hearing exhibits, such as cross examination exhibits and a list of evidence to be moved into the record (i.e., a party's list of pre-served testimony and exhibits), be required to be submitted to the ALJs by 10:00 a.m. the day before the Public Input Hearing at which the witness seeks to testify.

D. The Company will be required to, at a minimum, generate a notice of the Public Input Hearing that contains are relevant information as to date, time, location, and phone numbers and access codes and further be required to advertise the notice: (1) in the general readership

section (not legal section) of local newspapers within the service territory; (2) on its website; and (3) in social media posts which the Company utilizes to advertise generally.

E. That the other parties involved in the proceeding, including the OCA, be permitted to review these public input announcements prior to their publication and distribution and have input into which publications the ads are placed.

Respectfully submitted,

/s/ Christy M. Appleby
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(717) 783-5048

Counsel for:
Darryl Lawrence
Consumer Advocate

DATED: May 11, 2025

OCA APPENDIX A

NOTICE OF IN-PERSON AND TELEPHONIC PUBLIC INPUT HEARINGS

For [Company Name] Rate Increase Requests

Docket Nos.

R[--]

R[--]

The Pennsylvania Public Utility Commission (PUC) will conduct [#] Public Input Hearings concerning the general rate increase requests filed by [Name of Company] on [date], seeking to increase [industry type] distribution rates by \$[x] million per year. The in-person and telephonic hearings will be held at the following times and places:

Presiding Officer: Administrative Law Judge [Name of Judge]

IN-PERSON PUBLIC INPUT HEARINGS

Pre-registration is not required.

Date: [Here]

Time: [Here]

Location: [Here]

TELEPHONIC PUBLIC INPUT HEARINGS

Pre-registration is [encouraged/required]. Read below.

Date: [Here]

Time: [Here]

Pre-registration is [encouraged/required] by [same day] at 10AM.

Date: [Here]

Time: [Here]

Pre-registration is [encouraged/required] by [same day] at 10AM.

Toll-free Conference Number: xxx.xxx.xxxx

PIN Number: xxxxxxxx

- You must dial the toll-free Conference number above
- You must enter the PIN number above when instructed
- You must speak your name when prompted, and press #
 - Then, the telephone system will connect you to the hearing

PRE-REGISTRATION FOR TELEPHONIC PUBLIC INPUT HEARINGS: To testify at the telephonic Public Input Hearings, pre-registration is [encouraged/required] by [day of the hearing] at 10AM. Failure to pre-register could result in you not being called to testify by the PUC judge. To pre-register to testify by telephone, please contact the PUC Judge’s Legal Assistant, [name], by email at [email address] or by phone at [xxx.xxx.xxxx] and provide the requested information.

NEED ASSISTANCE WITH PRE-REGISTRATION? If you need assistance pre-registering to testify, you may have someone register for you, but they will need to provide the PUC Judge all the information listed above. Additionally, if more than one person in your household would like to testify, one person may pre-register for other individuals in the same household by providing the PUC Judge’s Legal Assistant with the above-listed information for each individual.

REQUESTS FOR INTERPRETERS: If you require an interpreter, please pre-register as soon as possible. If you register too close to the hearing date, we may not have enough time to arrange for an interpreter. If you request an interpreter, the PUC will make reasonable efforts to have one present. AT&T Relay Service number for persons who are deaf or hearing-impaired: 1-800-654-5988.

HEARING EXHIBITS: If you have any hearing exhibits to which you will refer during the hearing, please email them to the PUC Judge’s Legal Assistant, [name], at [email address]. The PUC Judge will forward your exhibits to all the parties. Exhibits for the public input hearing must be received by the PUC Judge by [the day before the hearing] at 10AM.

QUESTIONS? The Pennsylvania Office of Consumer Advocate (OCA) represents the interests of utility customers before the PUC. If you have questions about the public input hearings or the Company’s requested rate increase, please contact the OCA toll free at 1-800-684-6560 or by email at consumer@paoca.org. Additionally, the OCA can help customers pre-register for the Public Input Hearings.

OTHER WAYS TO BE HEARD: If you want to be heard about the proposed rate increase but do not want or cannot testify at the Public Input Hearings, you may file a formal complaint or comment to the proposed rate increase. Please visit the PUC’s website to use the applicable form available at <https://www.puc.pa.gov/complaints/formal-complaints/>