

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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February 27, 2013

Honorable Katrina Dunderdale
Office of the Administrative Law Judge
PA Public Utility Commission
Piatt Place, Suite 220
301 Fifth Avenue
Pittsburgh, PA 15222

Re: Pa. Public Utility Commission
v.
Imperial Point Water Service Company
Docket No. R-2012-2315536

Dear Judge Dunderdale:

Enclosed please find copies of the Prehearing Memorandum of the Office of Consumer Advocate which was electronically filed with the Secretary's Office today in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in cursive script that reads "Christine Maloni Hoover".

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. #50026

Enclosures

cc: Herbert Nurick, Mediator
Secretary's Office of the PUC
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2012-2315536
Office of Consumer Advocate	:	C-2013-2344260
Otylia L. Schenker	:	C-2013-2340419
Georgiann Tressler	:	C-2013-2341458
	:	
v.	:	
	:	
Imperial Point Water Company	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. §333 and in response to the Prehearing Conference Order issued by Administrative Law Judge (ALJ) Dunderdale in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. HISTORY OF THE PROCEEDING

On October 31, 2012, Imperial Point Water Company (Company or Imperial Point) filed Supplement No.162 to Tariff Water – Pa. P.U.C. No. 2, to become effective January 25, 2013. This tariff seeks Commission approval of rates and rate changes that would increase rates that the Company charges for providing service to its ratepayers.

The proposed tariff contains changes in rates calculated to recover an estimated annual increase in base rate revenues of \$61,321. This represents an approximate 45% increase in the Company’s annual revenues. A residential customer using 10,200 gallons of water per quarter would see an increase in their bill from \$57.75 to \$83.77 or approximately 45% per quarter.

The Company serves approximately 499 residential customers in Girard Township, Erie County, Pennsylvania.

On January 18, 2013, the OCA filed a Formal Complaint against the proposed increase in rates and a Notice of Appearance. The Bureau of Investigations and Enforcement (I & E) filed a Notice of Appearance on January 15, 2013. On January 24, 2013, the Commission issued an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rates in Supplement No. 12 to Tariff Water – Pa. P.U.C. No. 2, and suspended the effective date until August 25, 2013 by operation of law.

The Commission assigned the case to Administrative Law Judge Dunderdale and notified the parties that a Prehearing Conference and mediation session are scheduled for March 4, 2013.

II. ISSUES

After completing any follow up discovery and after receiving the Company's testimony in support of its filing, the OCA will file direct testimony that will set forth the specific issues to be addressed in this proceeding. At that time, the OCA will also be able to make and to quantify its specific recommendations. Generally, the OCA is reviewing issues related to accounting, including rate base and expense claims, rate of return, including capital structure, cost of debt, and cost of equity, rate design, tariff rules and regulations, and quality of service.

III. WITNESSES

The OCA intends to present the direct, rebuttal and surrebuttal testimony, as may be necessary, of the following witnesses in this proceeding. Each witness will present testimony in written form and will attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to

interrogatories be mailed directly to the expert witness responsible for that area of the case, as well as mailing a copy to counsel for the OCA.

Accounting/Regulatory Policy:

Marilyn Kraus, Senior Regulatory Analyst
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Quality of Service/Operations:

Terry L. Fought
780 Cardinal Drive
Harrisburg, PA 17111

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. SETTLEMENT

The OCA is willing to engage in settlement discussions with respect to some or all of the issues. The parties are scheduled to attend a mediation session on March 4, 2013.

V. PROCEDURAL RULES / DISCOVERY

To date, the OCA has served three sets of interrogatories on the Company and is reviewing the responses that have been provided. As soon as the OCA determines whether additional discovery, including informal discovery, is needed, the OCA will issue the discovery.

VI. PUBLIC INPUT HEARING

The OCA is aware of six informal protests, including two petitions with more than 200

signatures, filed at the PUC regarding the proposed rate increase, in addition to two formal complaints filed by customers. Given the large increase proposed by Imperial Point and the formal and informal complaints, including petitions, filed by the customers, the OCA respectfully requests that the Commission schedule a public input hearing in the Company's service territory to allow customers the opportunity to testify on the record on matters pertinent to the Company's rate filing. The OCA will work with the OALJ Scheduling office to identify a suitable location to enable the public input hearing to be held as soon as possible, while allowing for adequate notice to the customers. The OCA also requests that the Commission direct the Company to advertise this public input hearing in local media. The OCA notes that the advertisement should not be placed in the legal notice section of the newspaper.

VII. SERVICE ON THE OCA

Senior Assistant Consumer Advocate Christine M. Hoover will represent the OCA in this case. Two copies of all documents should be served on the OCA as follows:

Christine Maloni Hoover
Senior Assistant Consumer Advocate

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VIII. PROPOSED LITIGATION SCHEDULE

The OCA submits that a litigation schedule not be set at this time, in order to allow the parties to focus on mediation. The OCA proposes that the parties provide a status report to the

ALJ at the end of the mediation period, at which time, if they have not reached a comprehensive settlement of the issues in the proceeding, the parties will propose a litigation schedule.

Respectfully Submitted,



Christine Maloni Hoover
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PA Attorney I.D. # 50026
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Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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February 27, 2013

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CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
Imperial Point Water Service Company

Docket No. R-2012-2315536

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum of the Office of Consumer Advocate, 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 27th day of February 2013.

SERVICE IN PERSON

Allison C. Kaster, Esquire
Bureau of Investigation & Enforcement
Pa. Public Utility Commission
400 North Street
Harrisburg, PA 17101

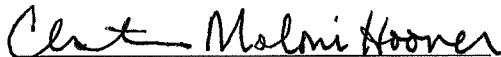
SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

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