



COMMONWEALTH OF PENNSYLVANIA

September 27, 2018

**E-FILED**

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

**Re: Pennsylvania Public Utility Commission v. Aqua Pennsylvania, Inc. & Aqua  
Pennsylvania Wastewater, Inc. / Docket Nos. R-2018-3003558, R-2018-3003561**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceedings. I respectfully request that a copy of any documents filed in this case be shared as well with our Witness at the address below:

Brian Kalcic  
Excel Consulting  
225 S. Meramec Avenue, Suite 720 T  
St. Louis, MO 63105  
[excel.consulting@sbcglobal.net](mailto:excel.consulting@sbcglobal.net)

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,

Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

*Enclosures*

cc: Brian Kalcic  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
	:	<b>Docket No. R-2018-3003558</b>
<b>v.</b>	:	<b>Docket No. R-2018-3003561</b>
	:	
<b>Aqua Pennsylvania, Inc. &amp; Aqua Pennsylvania Wastewater, Inc.</b>	:	

**OFFICE OF SMALL BUSINESS ADVOCATE  
PREHEARING MEMORANDUM**

**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (the “Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Please address all correspondence as follows:

Sharon E. Webb  
Assistant Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, PA 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[swebb@pa.gov](mailto:swebb@pa.gov)

## **II. BACKGROUND**

On August 17, 2018 Aqua Pennsylvania, Inc. (“Aqua PA”) filed both Tariff Water-Pa. P.U.C. No. 2 (“Tariff Water No. 2”), and Tariff Sewer-Pa. P.U.C. No. 2 (“Tariff Sewer No. 2”) to become effective October 16, 2018.

Aqua’s tariff filings seek approval of rates and rate changes which would increase total annual operating revenues of the Company by \$71.7 million. The OSBA has filed Complaints alleging that the materials filed by Aqua PA may be insufficient to justify the rate increases requested and that the Company’s present and proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law, particularly as they pertain to small business customers.

By Orders entered September 20, 2018, the proposed Tariff Water No. 2 and Tariff Sewer No. 2 were suspended by operation of law until May 16, 2019. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariff Water No. 2 and Tariff Sewer No. 2.

Administrative Law Judges Angela T. Jones and F. Joseph Brady were assigned to this proceeding and issued a Prehearing Conference Order on September 21, 2018.

### **III. WITNESS**

Assisting in the development and presentation of OSBA's position in this proceeding will be:

Brian Kalcic  
Excel Consulting  
225 S. Meramec Avenue, Suite 720  
St. Louis, MO 63105  
(314) 725-2511  
[excel.consulting@sbcglobal.net](mailto:excel.consulting@sbcglobal.net)

The OSBA requests that all parties serve copies of all documents, including discovery, testimony and briefs, upon Mr. Kalcic, simultaneously with service upon the OSBA. The OSBA anticipates that it will present testimony by Mr. Kalcic.

### **IV. IDENTIFICATION OF ISSUES**

The OSBA is participating in this case to ensure that the interests of small business customers of Aqua PA are adequately represented and protected. As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of Aqua PA and other parties, primarily through discovery, cross-examination of witnesses appearing for those parties, and briefing of the issues that arise in this proceeding.

The OSBA will particularly focus on issues where the impact upon the interests of Aqua PA's small business customers would be unjustifiably different from or disproportionate to the impact on other classes of customers, or is otherwise lacking in reasonableness or basic fairness. At this time, the OSBA has identified the following issues:

1. Whether Aqua's water cost-of-service study methodology is appropriate;
2. Whether Aqua's proposed class revenue allocation for water service, and general metered service rate design is cost based;
3. Whether the Company's proposal to recover \$8.1 million of its claimed wastewater revenue requirement from water service customers is appropriate;
4. Whether Aqua's wastewater cost-of-service study methodology is appropriate;
5. Whether the Company's proposed class revenue allocation for wastewater service and associated rate design is cost based;
6. Whether the Company's proposed Purchased Water Adjustment ("PWA") clause should be adopted; and
7. Whether the Company's proposed Energy Cost Adjustment ("ECA") mechanism should be adopted.

The OSBA reserves the right to pursue additional issues as they may arise throughout the course of the proceeding.

**V. SERVICE OF DOCUMENTS**

The OSBA agrees to accept electronic delivery of documents on the due date as satisfying the in-hand requirement, if followed by hard copy delivery to OSBA and its witness by first class mail.

**VI. SETTLEMENT**

The OSBA is willing to enter into settlement discussions at any phase of this proceeding.

**VII. PROCEDURAL SCHEDULE**

The OSBA will work with the ALJs and the other parties to develop a mutually acceptable schedule for the remainder of this case. For scheduling purposes, please note that the OSBA's witness will be unavailable from December 3, 2018 through December 14, 2018.

Respectfully submitted,



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Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

For:

John R. Evans  
Small Business Advocate

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Dated: September 27, 2018

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission** :  
 :  
 :  
 **v.** : **Docket No. R-2018-3003558**  
 : **Docket No. R-2018-3003561**  
 :  
 **Aqua Pennsylvania, Inc. &** :  
 **Aqua Pennsylvania Wastewater, Inc.** :

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other 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 Angela T. Jones  
The Honorable F. Joseph Brady  
Pennsylvania Public Utility Commission  
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DATE: September 27, 2018



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