

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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December 19, 2018

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

Re: Implementation of Chapter 32 of the Public
Utility Code Re Pittsburgh Water and Sewer
Authority
Docket Nos. M-2018-2640802 (water)
M-2018-2640803 (wastewater)

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lauren M. Burge".

Lauren M. Burge
Assistant Consumer Advocate
PA Attorney I.D. 311570
E-Mail: LBurge@paoca.org

Enclosures:

cc: Honorable Mark A. Hoyer
Honorable Conrad A. Johnson
Certificate of Service
*263806

CERTIFICATE OF SERVICE

Re: Implementation of Chapter 32 of the : Docket Nos. M-2018-2640802 (w)
 Public Utility Code Re. Pittsburgh : M-2018-2640803 (ww)
 Water and Sewer Authority :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing 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 19th day of December 2018.

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Dated: December 19, 2018
*263808

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. M-2018-2640802 (Water)
	:	M-2018-2640803 (Wastewater)
Pittsburgh Water and Sewer Authority	:	

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 in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On December 21, 2017, Governor Wolf signed Act 65 of 2017 into law. Act 65 amended the Public Utility Code by adding new language to 66 Pa. C.S. § 1301 and creating a new Chapter 32, which has the effect of bringing the Pittsburgh Water and Sewer Authority (PWSA or the Authority) under the jurisdiction of the Pennsylvania Public Utility Commission (Commission). On March 15, 2018, the Commission issued a Final Implementation Order (FIO) laying out a process for implementing Chapter 32, including tariff approval, ratemaking, compliance plan, and assessment provisions.¹ On September 26, 2018, the Commission issued a Secretarial Letter regarding the Procedure for Commission Review of the September 28, 2018 Compliance Plan and Long Term Infrastructure Improvement Plan (LTIP) Filings of the Pittsburgh Water and Sewer

¹ Implementation of Chapter 32 of the Public Utility Code, Final Implementation Order, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater) (Order entered Mar. 15, 2018).

Authority (September Secretarial Letter).

On September 28, 2018, PWSA filed its Compliance Plan and LTIP in accordance with Act 65 and the FIO. Pursuant to the September Secretarial Letter, the Compliance Plan was noticed in the *Pennsylvania Bulletin* on October 13, 2018. 48 Pa.B. 6635. On November 2, 2018, the OCA submitted Comments identifying preliminary issues in PWSA's Compliance Plan. Pittsburgh UNITED also submitted comments.

On November 28, 2018, the Commission issued a Corrected Secretarial Letter (November Secretarial Letter) and the accompanying Technical Staff Initial Report and Directed Questions – Stage 1. The November Secretarial Letter assigned PWSA's Compliance Plan to the Office of Administrative Law Judge (OALJ) for hearings as contemplated in the September Secretarial Letter, and also established a new two stage review process for PWSA's Compliance Plan. The November Secretarial Letter directs PWSA and the parties to address “urgent infrastructure remediation and improvement, and the revenue and financing requirements of maintaining service that supports public health and safety” as part of Stage 1, while Stage 2 will focus on “important PWSA billing issues and the development of a proposed PWSA stormwater tariff.” November Secretarial Letter at 3. Litigation in Stage 2 would begin after a final Commission Order is issued in Stage 1 in late 2019. *Id.* at 3-4. Further, the Technical Staff Initial Report and Directed Questions lists a variety of specific questions that PWSA and the parties are directed to address as part of the Stage 1 litigation. On December 11, 2018, the OCA and Pittsburgh UNITED each submitted a Petition for clarification and/or reconsideration of the November Secretarial Letter which is currently pending.

Simultaneously, PWSA currently has pending water and wastewater base rate

proceedings.² On November 29, 2018, the parties to the base rate proceedings filed a Joint Petition for Settlement (Settlement), which includes detailed settlement terms as well as specific items and timeframes for addressing a variety of outstanding issues as part of this Compliance Plan proceeding. The Settlement is currently under review by the ALJs.

II. ISSUES

The OCA will examine PWSA's Compliance Plan filing to determine whether the Authority's operations and practices comply with the Public Utility Code and the Commission's regulations. The following list sets forth a general identification of the issues that the OCA anticipates that it will investigate in this proceeding. The OCA reserves the right to address additional issues that may come to light once testimony is filed and discovery is conducted, as well as questions in the Commission's November 28, 2018 Technical Staff Initial Report and Directed Questions – Stage 1.

Rate Design

- Allocation of flows to ALCOSAN and other municipalities, the feasibility of measuring stormwater separately from wastewater, and development of a plan or methodology for creating separate cost of service studies for wastewater and stormwater.
- Proposal to assess the City of Pittsburgh a separate rate for public fire hydrant service and the timeframe for doing so.
- Proposal for a flat rate for both water and wastewater for all unmetered and unbilled municipal and government properties or buildings served by PWSA, for inclusion in the next base rate case.

Infrastructure, Operations, and Lead

- Lead service line replacement program beyond 2019.
- Measuring and remediating PWSA unaccounted for/non-revenue water.

² Pa. P.U.C. v. Pittsburgh Water and Sewer Authority, Docket Nos. R-2018-3002645 (water) and R-2018-3002647 (wastewater).

- Records for estimated flows used for blow-offs, street sweeping, flushing, firefighting, and main breaks, etc.
- Conducting leak surveys.
- Compliance with all aspects of 52 Pa. Code Chapter 65 including addressing high pressure, exercising all isolation valves, and developing a schedule for flushing the system.
- Metering issues, including a plan to deal with “Party Line” service, metering and billing of all City water/wastewater locations including, but not limited to: (i) public fire hydrants; (ii) wastewater; and (iii) water, and a plan to track age of customer meters and to test and/or replace meters over 20 years old.

Customer Service Issues

- Compliance with all aspects of Chapter 56 of the Commission’s regulations and associated timelines.
- Development of call center metrics and a plan for improving call center performance.
- Investigation of payment processing fees assessed by a third party payment processor.
- Investigation of PWSA’s policies and procedures regarding personal contact with an adult occupant at a residential property immediately prior to termination, pursuant to 52 Pa. Code § 56.94 -95 and 56.112.
- Investigation of whether PWSA’s third party collection activities conform with the Public Utility Code and the Commission’s regulations applicable to residential customers, as well as a cost effective manner of collecting overdue payments.

Low-Income Customer Issues

- Revisions to PWSA’s existing universal service programs, including its Bill Discount Program (“BDP”) and Hardship Cash Assistance Program.
- Developing data collection and reporting requirements.

Contractual Issues

- PWSA Services Contract with the City of Pittsburgh.
- PWSA’s current billing arrangement with ALCOSAN.

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 also 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, in addition to mailing copies to OCA counsel, parties send copies of all interrogatory answers and testimony directly to the expert witness(es) responsible for the appropriate area of the case. The OCA also requests that CDs containing any interrogatory responses be mailed directly to the applicable consultant.

Accounting/Regulatory Policy:

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Tariffs/Customer Service:

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Low-Income Programs:

Roger D. Colton
Fisher, Sheehan & Colton
34 Warwick Road
Belmont, MA 02478
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The OCA specifically reserves the right to call additional witnesses, as necessary. All parties of record will be notified as soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case.

IV. EVIDENCE

The OCA will rely on the direct, rebuttal, and surrebuttal testimony of its expert witnesses as well as the testimony of other parties to the proceeding. The OCA will also present relevant exhibits to support its own testimony, including but not limited to, materials obtained from the Authority through discovery and cross-examination. Further, per the Joint Petition for Settlement in PWSA's currently pending base rate case,³ the OCA may seek to have rate case testimony, documents or answers to interrogatories admitted to the record and may rely on such documents in this proceeding.

V. SERVICE ON THE OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocates Christine Maloni Hoover and Erin L. Gannon and Assistant Consumer Advocate Lauren M. Burge. The OCA has created a group e-mail address provided below. This is the only email address that is required for service on the OCA; it will provide the emailed materials to all members of the OCA team including the consultants listed above. Two copies of all documents should be served on the OCA as follows:

Christine M. Hoover, Senior Assistant Consumer Advocate
Erin L. Gannon, Senior Assistant Consumer Advocate
Lauren M. Burge, Assistant Consumer Advocate
OCAPWSA2018@paoca.org

Office of Consumer Advocate
5th Floor, Forum Place

³ Pa. P.U.C. v. Pittsburgh Water and Sewer Authority, Joint Petition for Settlement, at Para. III.H.3 (Nov. 29, 2018), Docket Nos. R-2018-3002645 (water) and R-2018-3002647 (wastewater).

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VI. PUBLIC INPUT HEARINGS

At present, it does not appear that a public input hearing in this proceeding is necessary. However, if consumer interest arises, the OCA will promptly notify the Administrative Law Judges and the parties to request public input hearings.

VII. PROPOSED SCHEDULE

As noted above, the OCA and Pittsburgh UNITED each submitted a Petition for clarification and/or reconsideration of the November Secretarial Letter which are currently pending. The outcome of the Commission's review of these Petitions will substantially affect the schedule in this proceeding. As such, the OCA has attached two possible schedules for this proceeding. Appendix A reflects the Stage 1 litigation schedule in the event that the parties are directed to follow the two-stage review process outlined in the November Secretarial Letter. Appendix B provides an alternate schedule to be followed in the event that the Commission grants the OCA's Petition for Reconsideration, directing that all issues be reviewed simultaneously and allowing 12 months for the issuance of a Recommended Decision.

VIII. DISCOVERY

The OCA proposes the following modifications to the Commission's discovery regulations. The OCA notes, however, that it anticipates using informal discovery in this case and will work with PWSA to ensure that discovery is completed efficiently and effectively.

- A. Answers to written interrogatories to be served in-hand within fifteen (15) calendar days of service of the interrogatories. However, PWSA will make best efforts to provide responses within ten (10) calendar days of service.

- B. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.
- C. Answers to on-the-record data requests to be served in-hand within seven (7) calendar days of the request.

IX. CONSOLIDATION OF COMPLIANCE PLAN AND LTIIP PROCEEDINGS

On December 14, 2018, PWSA filed a Motion for Consolidation of Proceedings requesting that its Compliance Plan and LTIIP proceedings⁴ be consolidated. The OCA supports the consolidation of these proceedings, as agreed to by the Parties in the currently-pending Settlement of PWSA's base rate case.⁵

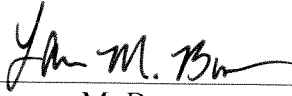
X. SETTLEMENT

The OCA is willing to participate in settlement discussions.

⁴ Docket Nos. P-2018-3005037 (water) and P-2018-3005039 (wastewater).

⁵ Pa. P.U.C. v. Pittsburgh Water and Sewer Authority, Joint Petition for Settlement, at Para. III.H.1 (Nov. 29, 2018), Docket Nos. R-2018-3002645 (water) and R-2018-3002647 (wastewater).

Respectfully Submitted,



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Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

DATE: December 19, 2018

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THE OFFICE OF CONSUMER ADVOCATE'S
PROPOSED PROCEDURAL SCHEDULE
FOR PWSA COMPLIANCE PLAN – STAGE 1

Prehearing Conference	December 20, 2018
Due Date for the filings of PWSA Direct Testimony	February 1, 2019
Due Date for the filing of Direct Testimony of other Parties	April 2, 2019
Due Date for the filing of Rebuttal Testimony	May 2, 2019
Due Date for the filing of Surrebuttal Testimony	May 17, 2019
Evidentiary Hearings	May 22-24, 2019
Due Date for the filing of Main Briefs	June 20, 2019
Due Date for the filing of Reply Briefs	July 1, 2019
Recommended Decision	July 29, 2019

THE OFFICE OF CONSUMER ADVOCATE'S
PROPOSED ALTERNATE PROCEDURAL SCHEDULE
FOR PWSA COMPLIANCE PLAN – SINGLE STEP REVIEW PROCESS

Prehearing Conference	December 20, 2018
Due Date for the filings of PWSA Direct Testimony	April 10, 2019
Due Date for the filing of Direct Testimony of other Parties	July 10, 2019
Due Date for the filing of Rebuttal Testimony	September 11, 2019
Due Date for the filing of Surrebuttal Testimony	October 16, 2019
Evidentiary Hearings	Oct. 30-Nov. 2, 2019
Due Date for the filing of Main Briefs	December 6, 2019
Due Date for the filing of Reply Briefs	December 20, 2019
Recommended Decision	January 29, 2020