



COMMONWEALTH OF PENNSYLVANIA

December 19, 2018

E-FILED

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 Regarding Pittsburgh Water
And Sewer Authority – Stage 1 / Docket Nos. M-2018-2640802, M-2018-2640803**

Dear Secretary Chiavetta:

Enclosed for filing 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 also be shared 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

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,

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Enclosures

cc: Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Chapter 32 of the	:	Docket No. M-2018-2640802
Public Utility Code Regarding Pittsburgh	:	Docket No. M-2018-2640803
Water And Sewer Authority – Stage 1	:	

**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 (“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. Representing the OSBA in this matter are Assistant Small Business Advocates Sharon E. Webb and Erin K. Fure. Please address all correspondence as follows:

Sharon E. Webb
Erin K. Fure
Assistant Small Business Advocates
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II. FILING BACKGROUND

On July 2, 2018, the Pittsburgh Water and Sewer Authority ("PWSA" or the "Company") filed Tariff Water Pa. P.U.C. No. 1 and proposed Tariff Wastewater PA P.U.C. No. 1 ("Tariffs"). The proposed Tariffs, if approved by the Commission, would increase the Company's rates by \$27 million per year, or approximately 17.1%.

On July 13, 2018, the OSBA filed a Complaint alleging that PWSA's proposed rates, rate design, and cost and revenue allocation may be unjust, unreasonable, and unlawfully discriminatory in violation of, *inter alia*, Sections 1301 and 1304 of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, and contrary to appropriate public policy and sound ratemaking considerations, and may not be supported by the materials filed by PWSA. A formal complaint was also filed by the Office of Consumer Advocate ("OCA") on July 5, 2018, as well as by several individuals. The Commission's Bureau of Investigation and Enforcement ("I&E") filed a Notice of Appearance on May 8, 2017.

By Order entered May 18, 2017, the proposed Tariffs were suspended by operation of law until January 27, 2018. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariffs. The Commission also ordered an investigation into the reasonableness of PWSA's existing rates, rules, and regulations.

Administrative Law Judge ("ALJ") Mark A. Hoyer and ALJ Conrad A. Johnson were assigned to this proceeding. The OSBA and other parties participating in PWSA's base rate proceeding filed testimony and participated in discussions that led to the filing of a Joint Petition for Settlement ("Settlement") on November 29, 2018. While many issues were addressed by the parties in the base rate proceeding and Settlement, parties agreed that issues would be further

examined in the context of the Authority's Compliance Plan filing.

On December 7, 2018, the ALJs issued a Prehearing Conference Order scheduling a telephonic Prehearing Conference in this case for December 20, 2018 at 10am. The OSBA submits this Prehearing memorandum in compliance with the December 7th Prehearing Order.

III. WITNESS

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

Brian Kalcic
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(314) 725-2511
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The OSBA requests that all parties provide courtesy copies of all documents, including discovery, testimony and briefs, to Mr. Kalcic, simultaneously with service upon the OSBA.

IV. IDENTIFICATION OF ISSUES

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

The OSBA will particularly focus on issues where the impact upon the interests of PWSA'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 is concentrating on the following issues:

1. Whether PWSA's ongoing lead service line ("LSL") replacement program is cost effective;
2. Whether the timing of a proposed public fire hydrant rate is appropriate;
3. Whether PWSA's services contract with the City of Pittsburgh is reasonable and appropriate in light of the Authority's failure to bill the City of water and wastewater services;
4. Whether the Authority has made reasonable progress in its attempt to renegotiate the terms of the Cooperation Agreement with the City of Pittsburgh;
5. Whether the Authority has made reasonable progress in its attempt to renegotiate the terms of its contract with ALCOSAN;
6. Whether PWSA's proposed plan for developing separate cost-of-service studies for wastewater and stormwater services is reasonable and appropriate;
7. Whether it is feasible to discontinue the current City of Pittsburgh discount for Pennsylvania-American Water Company customers; and
8. Whether a flat rate should be established for both water and wastewater services for all unmetered and unbilled municipal and government properties served by PWSA.

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 mail delivery of documents on the due date as satisfying the in-hand requirement, *provided that such documents are followed by hard copy delivery to OSBA by first class mail*. Service by electronic mail *only* is not acceptable. The OSBA requests that such hard copies are also provided to its witness identified above.

In addition to hard copies of pleadings, briefs, and exceptions, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party. The OSBA also

requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witness identified above.

VI. DISCOVERY

Discovery is ongoing. At the time of this writing, interrogatories have been served by the OCA. The OSBA will work with the Presiding Officers and the other parties to develop any mutually acceptable discovery modifications.

VII. SETTLEMENT

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

VIII. PROCEDURAL SCHEDULE

The OSBA will work with the Presiding Officers and the other parties to develop a mutually acceptable procedural schedule.

Respectfully submitted,



Erin K. Fure
Attorney ID No. 312245
Assistant Small Business Advocate

For:

John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Dated: December 19, 2018

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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 Mark A. Hoyer
The Honorable Conrad A. Johnson
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DATE: December 19, 2018



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