

COMMONWEALTH OF PENNSYLVANIA



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March 15, 2023

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

Re: Policy Statement on Public and Private
Fire Protection
Docket No. M-2022-3033054

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Comments in this matter.

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

Respectfully submitted,

/s/ Erin L. Gannon
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Certificate of Service

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CERTIFICATE OF SERVICE

Policy Statement on Public and Private : Docket No. M-2022-3033054
Fire Protection :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Comments, 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 15th day of March 2023.

SERVICE BY E-MAIL ONLY

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Dated: March 15, 2023

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Policy Statement on Public and Private : Docket No. M-2022-3033054
Fire Protection :

REPLY COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) submits these Reply Comments which respond to the Joint Comments submitted by Columbia Water Company, Community Utilities of Pennsylvania Inc. (CUPA), and Audubon Water Company, concerning the Public Utility Commission’s (PUC or Commission) Order and Proposed Policy Statement on fire protection.

I. BACKGROUND

In November 2022, the Commission entered its Order and proposed Policy Statement (Order), which seeks input from stakeholders about the hydraulic distribution system modeling required for fire protection and the fire protection service afforded by current system design, and comment on the proposed Policy Statement. Order at 7-9. The Order was published in the Pennsylvania Bulletin on January 14, 2023, which established a 45-day comment period ending February 28, 2023. 53 Pa. B. 379. The Commission also allowed reply comments to be filed during the 15 days following close of the comment period.

On February 28, 2023, the OCA submitted Comments. On the same date, Columbia Water, CUPA, and Audubon submitted Joint Comments and the National Association of Water

Companies – Pennsylvania Chapter filed Comments. Aqua Pennsylvania, Inc. filed a letter in lieu of comments.

II. COMMENTS

The OCA supports the Commission’s goal to ensure that the fire protection service provided by regulated water utilities is safe, reasonable, and adequate. Through its Comments and Reply Comments, the OCA seeks to ensure that the guidelines adopted are clear and will not impose unreasonable costs on ratepayers.

In the “General Scope and Purpose” section of the proposed policy statement, the Commission states that it “will consider a water public utility’s effort to meet the recommendations in this Policy Statement when determining just and reasonable rates for the water public utility.” Annex A at 1 (§ 69.xx1(a)). In their Joint Comments, Columbia Water, CUPA and Audubon contend that, if a utility does not currently comply with the policy statement (i.e. have a plan to use and maintain computerized hydraulic models for each discrete water system) that should not be considered as a reason to deny any portion of a requested rate increase. Joint Comments at 2-3. Conversely, if a utility does implement the plan and maintenance, they ask the Commission to “ensure in adjudicating future rate proceedings that costs associated with implementation of the policy statement are **fully recoverable in rates.**” *Id.* at 3. The Joint Commenters also request that “[i]f a utility requests funds in a base rate case for system upgrades, the Commission should **ensure such increases are granted** and explain in its rate adjudications that such expenditures are necessary for promoting the Commission’s policy.” *Id.* at 3.

To the extent that the Joint Commenters are requesting that the PUC pre-approve or guarantee full rate recovery related to compliance with the proposed Policy Statement, the OCA submits that such a decision would be inappropriate and inconsistent with the Public Utility Code.

A utility's decision whether to use and maintain computerized hydraulic models, and claims for costs incurred if it chooses to do so, should be subject to review and recoverable if and only to the extent that the utility shows that its service and facilities are safe, adequate and reasonable and any claims for cost recovery are also prudent and reasonable. 66 Pa. C.S. §§ 315(a), 315(c), 523(a), 526, 1301, 1501. As stated in its Comments, the OCA requests that the Commission clarify, and include in its policy statement, a statement that the water public utility's determinations and plans, and related claims for cost recovery, will be subject to review in the utility's base rate cases. OCA Comments at 5.

The OCA otherwise views its position as generally consistent with the Joint Commenters in supporting the flexibility afforded in the proposed policy statement for a utility to evaluate costs and benefits on a system-by-system basis, recognizing differences in existing facilities and operating characteristics.

III. CONCLUSION

The Office of Consumer Advocate appreciates the opportunity to provide Comments and Reply Comments for the Public Utility Commission's consideration. The OCA looks forward to continuing to work with the Commission, Staff, and stakeholders to ensure that fire protection service is safe, adequate and reasonable, and provided at reasonable cost to customers.

Respectfully Submitted,

/s/ Erin L. Gannon

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