



March 26, 2024

VIA E-FILING

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v. Veolia Water Pennsylvania, Inc.; Docket Nos. R-2024-3045192, R-2024-3045193, et al.

Prehearing Conference Memorandum of Veolia Water Pennsylvania, Inc.

Dear Secretary Chiavetta:

In accordance with the Prehearing Conference Order issued in this matter on March 20, 2024, enclosed please find the Prehearing Conference Memorandum of Veolia Water Pennsylvania, Inc. Copies have been served as shown on the attached Certificate of Service.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

COZEN O'CONNOR

By: David P. Zambito
Counsel for *Veolia Water Pennsylvania, Inc.*
(*Water & Wastewater Divisions*)

DPZ

Enclosures

cc: Administrative Law Judge Emily I. DeVoe
Per Certificate of Service
James C. Cagle, Vice President, Rates and Regulatory Affairs
Maryanne Hatch, Senior Director, Rates and Regulatory Affairs
Larry Finnicum, Vice President and General Manager, VWPA

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045193,
	:	<i>et al. (Wastewater)</i>
v.	:	
	:	Docket Nos. R-2024-3045192,
Veolia Water Pennsylvania, Inc.	:	<i>et al. (Water)</i>

CERTIFICATE OF SERVICE

I hereby certify that I have this 26th day of March, 2024, served a true copy of the foregoing **Prehearing Conference Memorandum of Veolia Water Pennsylvania, Inc.**, upon the parties listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL ONLY (with Attachments):

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PENNSYLVANIA UTILITY LAW PROJECT

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Respectfully submitted,



David P. Zambito, Esq.
Counsel for *Veolia Water Pennsylvania, Inc.*
(*Wastewater Division*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Emily I. DeVoe

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045193 <i>et al.</i> ,
	:	(Wastewater)
v.	:	
	:	Docket No. R-2024-3045192, <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	(Water)

**PREHEARING CONFERENCE MEMORANDUM OF
VEOLIA WATER PENNSYLVANIA, INC.**

AND NOW COMES Veolia Water Pennsylvania, Inc. (Water and Wastewater Divisions) (“VWPA” or the “Company”), pursuant to 52 Pa. Code § 5.222(d) and in compliance with the Prehearing Conference Order issued on March 20, 2024 by the Honorable Administrative Law Judge Emily J. DeVoe (the “ALJ”), to file this Prehearing Conference Memorandum in the above referenced matters. In support thereof, VWPA states as follows:

I. INTRODUCTION AND PROCEDURAL HISTORY

On February 16, 2024, VWPA (Water Division) filed a general base rate proceeding at Docket No. R-2024-3045192. Also on February 16, 2024, VWPA (Wastewater Division) filed a general base rate proceeding at Docket No. R-2024-3045193.

On February 16, 2024, the Office of Consumer Advocate (“OCA”) filed its Formal Complaint and Public Statement. The lead counsel for the OCA in this matter is Christy M. Applegate, Esq.

On February 20, 2024, Michael A. Podskoch, Jr. entered his Notice of Appearance on behalf of the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”).

On February 21, 2024, VWPA filed corrected cover letters for its water and wastewater general base rate cases.

On February 23, 2024, VWPA filed affidavits verifying compliance with the notice requirements for its water and wastewater filings.

On February 26, 2024, counsel for the Office of Small Business Advocate (“OSBA”) filed their Notice of Appearance. The lead counsel for the OSBA in this matter is Sharon E. Webb, Esq.

On March 4, 2024, VWPA filed a revised answer to minimum filing requirement II-8.

On March 8, 2024, CAUSE-PA filed a Petition to Intervene. The lead counsel for CAUSE-PA is John W. Sweet, Esq.

On March 14, 2024, the Commission issued orders suspending both the proposed water tariff and the proposed wastewater tariff until November 16, 2024, and directing VWPA to file suspension tariffs within ten days.

On March 20, 2024, the ALJ issued her Prehearing Conference Order.

On March 25, 2024, VWPA filed its suspension water tariff and its suspension wastewater tariff.

II. COUNSEL

Counsel for VWPA are:

David P. Zambito (PA ID # 80017)
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Mr. Zambito will serve as lead counsel for purposes of the Prehearing Conference.

III. SERVICE OF DOCUMENTS

VWPA's attorneys are authorized to accept service on behalf of VWPA in this proceeding.

VWPA agrees to receive service of documents electronically in this proceeding and requests that all listed counsel for VWPA receive electronic service.

IV. ISSUES

A. PRELIMINARY ISSUES

At this time, the Petition to Intervene of CAUSE-PA is pending. VWPA has no objection to the Petition to Intervene.

B. GENERAL RATE INCREASE

VWPA proposes an increase in water rates of \$15.4 million per year, or 26.7% over current annualized revenues. In addition, VWPA proposes an increase in wastewater rates of \$568,000, or 35% over current annualized revenues. VWPA's rate request is based on a historic test year ("HTY") ending September 30, 2023, a future test year ("FTY") ending September 30, 2024, and a fully projected future test year ("FPFTY") ending October 31, 2025.

The subject matters listed below represent as complete a statement of issues and sub-issues as VWPA can provide at this stage of the proceeding. Further definition of contested issues by the parties will develop within the scope of the subject matters listed below during the course of the proceeding. As an overview of its case-in-chief, VWPA posits that the rate proceeding contains the following issues for which it has the burden of proof and which have been addressed in direct testimony submitted with the case filing:

- (a) Rate base;
- (b) Existing and future revenue;
- (c) Taxes;
- (d) Rate of return;
- (e) Operating and maintenance expenses;
- (f) Rate structure;
- (g) Other tariff changes;
- (h) Quality of service; and
- (i) Low Income/Customer Assistance Program.

V. WITNESSES AND EXHIBITS

VWPA submitted direct testimony and exhibits on February 16, 2024. Below is a list of the witnesses and the subject matters of their testimony:

Statement No. 1	Larry Finnicum VWPA 6310 Allentown Blvd. Harrisburg, PA 17112	Rate Case Structure and Witnesses; Need for Rate Relief; Company Description; Operations; Educational Efforts; Capital Additions; Cost Control; Organizational Changes; Customer Service; Non-Revenue Water;
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		Proposed Changes to Tariff Rules and Regulations
Statement No. 2	Gregory R. Herbert Gannett Fleming Valuation and Rate Consultants, LLC 207 Senate Ave. Camp Hill, PA 17011	Income Statement, Operating Revenue and Adjustments and Expense Adjustments
Statement No. 3	Constance E. Heppenstall Gannett Fleming Valuation and Rate Consultants, LLC 1010 Adams Ave. Audubon, PA 19403	Cost of Service Allocation
Statement No. 4	Harold Walker, III Gannett Fleming Valuation and Rate Consultants, LLC 1010 Adams Ave. Audubon, PA 19403	Rate of Return and Cash Working Capital
Statement No. 5	Dane Watson Alliance Consulting Group 101 East Park Blvd., Suite 220 Plano, TX 75074	Depreciation Study
Statement No. 6	James Cagle Veolia Water M&S (Paramus), Inc. 461 From Rd., Paramus, NJ 07652	Taxes; Ratemaking Treatment of Customer Assistance Program Costs; Compliance with the Requirements of the Veolia/SUEZ Merger
Statement No. 7	Judith McCoy Jordan VWPA 6310 Allentown Blvd. Harrisburg, PA 17112	Low Income Program
Statement No. 8	Anupa Jacob Veolia Water M&S (Paramus), Inc. 461 From Rd., Paramus, NJ 07652	Management and Services Fees

VI. DISCOVERY RULES

To date, VWPA has received and responded to, or is in the process of responding to, interrogatories from I&E and OCA. VWPA encourages the use of informal discovery processes as the proceeding progresses. VWPA is not aware of any discovery difficulty.

VWPA proposes the following modifications of the standard discovery rules:

(a) Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service;

(b) Objections to interrogatories shall be communicated orally within three (3) calendar days of service of the interrogatories; unresolved objections shall be served to the ALJ in writing within five (5) days of service of the interrogatories.

(c) Motions to dismiss objections and/or direct the answering of interrogatories shall be filed within three (3) calendar days of service of the written objections.

(d) Answers to motions to dismiss objections and/or answering of interrogatories shall be filed within three (3) calendar days of service of such motions.

(e) Rulings on such motions shall be issued, if possible, within seven (7) calendar days of the filing of the motion.

(f) Requests for admissions will be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) calendar days of service.

(g) Answers to on-the-record data requests shall be served in-hand within seven (7) calendar days of the requests.

(h) Any discovery served after 12:00 noon on a Friday or the day before a holiday will be deemed to have been served on the following business day for purposes of tracking due dates.

(i) All discovery due dates shall be “in-hand” and electronic or fax service on the due date will satisfy the “in-hand” requirement, where such service is immediately followed by a hard copy sent by first-class mail.

VWPA is aware that some of the other parties have slightly different proposals. VWPA hopes to resolve these differences before the Prehearing Conference convenes.

VII. PROTECTIVE ORDER

VWPA has provided a draft Motion for Protective Order to counsel for I&E, OCA, and CAUSE-PA and they have agreed to the draft. VWPA has not yet received a response from OSBA. VWPA will promptly file the motion after the Prehearing Conference in this matter.

VIII. SUSPENSION PERIOD EXTENSION

VWPA has proposed voluntarily extending the suspension period to November 22, 2024, so that this matter can be considered at the Commission’s public meeting of November 7, 2024, on the condition that VWPA can recover approved rates from the original suspension deadline (November 16, 2024). VWPA has discussed this proposal with the OCA, I&E, the OSBA, and CAUSE-PA, and is authorized to represent that none of them oppose this proposal.¹

VWPA proposes the prehearing order issued after the prehearing conference contain the following ordering paragraph:

VWPA’s offer to extend the suspension period contingent upon VWPA being permitted to recover approved rates from the original suspension deadline date (November 16, 2024) through the effective date of Commission-approved rates in this proceeding is hereby approved. VWPA is therefore ordered to file, within 10 days, tariff supplements reflecting (1) further suspension of this matter to November 22, 2024, and (2) approval of a surcharge to recover approved rates from November 16, 2024 until the effective date for new rates pursuant to Commission order.

This was the procedure successfully used in *Pa. Pub. Util. Comm’n v. Community Util. of Pa., Inc.*, Docket Nos. R-2023-3042805 and *Pa. Pub. Util. Comm’n v. W. Penn Power Co.*, Docket No. R-2014-2428742.

IX. PROCEDURAL SCHEDULE

VWPA proposes the following schedule for resolution of this proceeding, which has been agreed to by I&E, the OCA, and CAUSE-PA. VWPA did not receive a response from the OSBA.

Description	Date
Prehearing Conference	March 27, 2024
Other Parties’ Direct Testimony	May 17, 2024
Rebuttal Testimony	June 7, 2024
Surrebuttal Testimony	June 21, 2024

¹ In addition, VWPA discussed this proposal with the Commission’s Office of Special Assistants.

Description	Date
Outline of Expected Oral Rejoinder	June 25, 2024
Evidentiary Hearing with Oral Rejoinder	June 26 to 28, 2024
Main Briefs	July 19, 2024
Reply Briefs	August 2, 2024

The preceding dates for testimony are “in-hand” delivery in Harrisburg. VWPA requests that testimony and exhibits be delivered electronically by 4:30 p.m. on the due date, with follow-up hard copy by first-class mail or hand delivery.

X. PUBLIC INPUT HEARINGS

VWPA recommends one afternoon and one evening public input hearing, both during the week of April 22, 2024 (preferably Wednesday, April 24, 2024). VWPA recommends that one public input hearing be held in person in the Harrisburg area, and one public input be a hybrid of in-person (in Harrisburg) and virtual.

VWPA is aware that other parties have different proposals for public input hearings. VWPA hopes to resolve these differences before the Prehearing Conference convenes.

XI. PARTIES

VWPA recommends that the continuing service of documents upon consumer complainants not be required after this Prehearing Conference, unless they specifically request to remain on the service list.

XII. SETTLEMENT

VWPA remains open and available for settlement discussions with the other parties. VWPA expects to undertake settlement negotiations at the earliest time available. While the Company is interested in early settlement discussions, it has, nonetheless, suggested a date certain

by which a Settlement Conference will occur in order to ensure that initial settlement discussions occur in a timely manner.

Respectfully submitted,



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Date: March 26, 2024